Stock Code: 2601

FIRST STEAMSHIP COMPANY LIMITED

2022

Annual Report

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One. Letter to Shareholders

Dear shareholders:

In 2022, the persistence of the COVID-19 pandemic worldwide, acceleration of Russia-Ukraine war, and energy shortage led to unfavorable factors, e.g., soaring price and rampant inflation. The major economies saw no signs of growth. The IMF forecast global economic growth in 2022 to be 3.4%, far less than 5.5% in 2021. China, which wields substantial influence on the shipping market, had implemented a zero-Covid policy, inhibiting commercial activities. Therefore, its overall economic growth was only half of its expectation, and its annual growth rate was only 3.0%, greatly impacting the growth of the shipping and international trade industry.

The shipping rate was not as robust as in 2021; the era of a high shipping rate underpinned by high demand no longer existed. Traditional sea routes some bulk carriers sail through were either shortened or lengthened due to the change in the pattern of the trading of coals and foods as a result of food and energy shortage effected by the Russia-Ukraine war, making it difficult to predict the market trend. The supply of shipping capacity increased due to the ease of port jam as a result of the ease in the pandemic, control measures lessened by each country, and gradual release of ships. Fortunately, the shipping volume added from the launch of new ships remained the same as last year, preventing the overall supply and demand of shipping capacity from being seriously imbalanced, thereby bolstering the shipping rate.

The Maritime Shipping Department always operates in a stable manner. To cope with the fluctuation in the economic climate in the international dry bulk shipping market, the fleet has been operating under a business model in which ships are leased out as short-term or long-term charter ships. As of the end of 2022, the fleet has a total of 11 bulk carriers, including 5 KAMSARMAXs, 4 SUPRAMAXs, and 2 HANDYs, all of which are aged less than 10 years, The total tonnages of the 11 ships combined is 700,365 tons. 4 ships were chartered out under a long-term profitable contract, 6 were chartered out for the short- or medium-term, and 1 joined the KLAV POOL fleet for joint operations. Such a diversified business strategy enables higher shipping rate, thus the growth of the maritime transportation business under an uncertain climate.

Since the Reform and Opening-up, the economic growth of China only fell under 3%, namely in 2020 (2.2%), and 2022 (3%), both were during the three-year long pandemic. In 2022, due to the pandemic in Shanghai from March to May, and then the adjustment of the pandemic containment policy during November and December, the infection cases in various locations peaked. For almost six months under the pandemic, the full-year GDP was RMB 121 trillion, with the real growth of 3%, failing the expected target of 5.5%. The disposable income per capita for the residents in cities and townships is RMB 49,000, only growing 1.9% year-on-year, lower than the growth of the GDP. For the same year, the newly added deposit of residents is RMB 17.8 trillion, and it was RMB 9.9 trillion in 2021, and RMB 11.3 trillion in 2020. This means that in 2022, the newly added saving of residents grew significantly. The downward trend of economy stayed the same, and the residents' expectation for incomes decreased but the willingness of saving increased. These three factors resulted in the low consumption level in the market for 2022.

Grand Ocean performed unsatisfactorily in 2022, too. Under the threats of Omicron, the Company's operation was challenged. Nonetheless, Grand Ocean still has some achievements under the guidance of the "building a new landmark of humanities, art and innovative retail; being a leader in consumption, experience and lifestyle." Upon the adjustment of the membership system, the scale of the effective members has been growing, and the WeChat applet centered at its 700,000 members has become the core platform of traffic to the Group's private field. Ever-refreshing marketing activities, and the city markets and store exploration activities by experts' event have been initiated specifically, to stimulate the customers' passion to spend in the stores. In the ranking issued by Meituan/Dianping, the Shanghai Shopping Mall is honored as the top hot mall for 2022.

I. 2022 Business Results

(I) Implementation results of business plan

In 2022, FIRST STEAMSHIP COMPANY recorded a consolidated operating revenue of NT$6,326,043 thousand, down 8.66% from NT$6,925,974 thousand in 2021;a post-tax loss of NT$355,430 thousand; a net post-tax profit attributable to FIRST STEAMSHIP COMPANY in its parent company only financial statements in the amount of NT$6,035 thousand; a basic earnings per share of NT$0.01; a diluted earnings per share of NT$0.01; and a net worth per share of NT$12.76.

(II) Implementation status of the budget

FIRST STEAMSHIP COMPANY did not make public its 2022 financial forecast was not made public, so it is not applicable.

(III) Consolidated financial receipts and expenditures and profitability analysis
Unit: Thousand NT$

Analysis Item \ Year		2022	2021
Financial receipts and expenditures	Operating revenues	6,326,043	6,925,974
	Operating gross margins	4,318,727	4,441,695
	Operating net profits	601,632	877,281
	Non-operating incomes and expenses	(739,158)	(515,854)
	Net profits (losses) before tax	(137,526)	361,427
	Net profits (losses) for the period	(355,430)	53,095
	Net profits (losses) for the period attributable to shareholders of the parent	6,035	151,866

Profitability	Return on assets (%)	0.88	1.59
	Return on equity (%)	-0.64	0.42
	Net profits before tax to paid-in capital (%)	-1.65	4.33
	Net profit margin (%)	-5.62	0.77
	Earnings per share ($NT)	0.01	0.20

(IV) Research and Development

Not applicable

II. Summary of 2023 Business Plan

(I) Business Policy

Marine Transportation Business

(1) Implement electronic ship management, improve maintenance efficiency, reduce operating costs, and improve operating efficiency.

(2) Strengthen crew and shore management's professional skills training, improve ship safety management, and reduce operational risks.

(3) Closely observe the trend of the marine transportation market, carefully evaluate the lease and purchase of vessels at the appropriate time, reduce the average age of the fleet, and increase the fleet's operating utilization.

Department Store Business

With the decline from the infection peak, the impact of the pandemic will gradually fade, and huge market, huge population, and the diversified needs of various “consumer generations” such as millennials in China, as well as the excellent tradition of Chinese’s high savings determine that a certain remedial rebound on both ends of supply and demand will appear in 2023. There is a correlation between the newly added saving and consumption potential, and convert to each other. The growth of the newly added saving represents the consumption potential of residents to a certain degree. With the economic recovery and consumption scenario restoration, the consumer confidence will be growing continuously, and their saving behaviors will be normalized. The residents’ savings accumulated in nearly three years will very likely convert to consumptions.

For 2023, the Group’s tasks will be organized and arranged by centering at “the retail enhancement builds the one-stop happy shopping world; the experience format refinement presents a multi-dimensional consumption space.” Merchant recruitment is the most essential task currently. During the three-year pandemic, empty spaces increased in each store, only at different levels. Therefore, the Group established the Merchant Recruitment Department, to help stores to fill up these spaces. Not only the experience-format, such as food and beverage services and entertainment, the retailing segments are also required.

(II) Business Outlook

Marine Transportation Business

The global economy in 2023 is expected to decline from the level in 2022, given volatile geopolitical uncertainties, and rampant inflation that hurts each economy and thus slows the growth further. China has given up its zero-Covid policy and fully opened up. This will give momentum for economic growth, although such effect will be deferred until the second half of the year. Therefore, the shipping rate and shipping market in the first half of 2023 will be week and volatile, but is expected to gradually revive in the second half of 2023 due to China's revival.

In response to the uncertain factors and changes in the market, the FIRST STEAMSHIP fleet has been able to reduce operating costs, eliminate outdated vessels, and improve operating efficiency with its stability and strength. And we will purchase new types of vessels that meet future regulatory requirements at the right time and seek reputable charterers in the market to sign stable and profitable contracts in order to enhance fleet capacity and improve the competitiveness in the marine transportation market.

Department Store Business

The three-year pandemic has hit the retail industry hard, and Grand Ocean and other commercial peers had difficulty to fulfill their promise of staying open for 365 days. This has disturbed us deeply! In the next decade, with the implementation of the "Class B Management for Class B Infectious Disease" policy, consumers will rekindle their passion for consumption, and the customer traffic of Grand Ocean's stores have been gradually returning to normal。

III. Future Development Strategy

Marine Transportation Business

(1) Expand bulk carrier businesses for both self-owned and chartered vessels.

(2) Participate in domestic and international cargo tender business and steadily increase the cargo volume transported by vessels.

(3) Take on period charters to lock in profitable rents with long-term contracts or join well-known syndicated teams to obtain more cargo business and higher freight rates through operational advantages.

Department Store Business

Our judgement is that 2023 will be the year of economic activation, and the retail industry will welcome the new spring. Grand Ocean also needs to transcend the boundaries of the stereotype content and resources prolonged for many years to accelerate its own reform.

Firstly, consumers will seek more simplified shopping processes increasingly. Consumers demand more and more types of consumer products, but they want simpler process, and the one-stop consumption is most ideal. Not only the experience-format, such as food and beverage services and entertainment, the retailing segments are also required. Secondly, the consumer experience is the key for brick and mortar stores to break through. Stores have to stimulate their customers to consume via the scenario shaping and atmosphere creation, while continuously injecting fresh elements during the shopping process to keep them refreshed.

In 2023, it is necessary to emphasize the survey and research, and negotiation, to create diversified consumption scenarios and present a multi-dimensional consumption space. The multi-dimension first expresses different types of consumption. The multi-dimension first expresses different types of consumption. For example, the health consumption, development consumption, entertainment and culture consumption, and emotional consumption, in particular the emotional consumption. After a big crisis, the mental status needs emotional support and warmth more than ever; venting emotions, releasing stress, getting rid of loneliness, and mitigating anxiety will become important innovative consumption themes.

The multi-dimension also seeks to express the multi-dimension of time and space. The first is a space combining virtuality and reality. The shopping mall not only has offline consumption scenarios, but also online consumption spaces such as live broadcast rooms; secondly, it is a consumption space incorporating each other. For instance, in a bookstore, reading and resting are available, with the paid reading space and coffee salon among other small scenarios. Thirdly, it is dynamic consumption space, such as using several hundred square meters to some modular pop-up stores flexibly arranged and adaptive to seasonal changes.

Additionally, we will continue the digital transformation with a marathon attitude. The supplier of applet is changed from Weimob to MOBCB. MOBCB provides customized services such as private platform construction and SaaS platform settle-in for department stores and shopping malls. Its main customers include Dongbai, Zhenghong Center, Jingfeng, Sasseur Outlets, Chengdu Chicony, Hubei International Trade Building, among other customers. The project is expected to be launched in July 2023. Upon the completion of the project, the current needs of Grand Ocean for the applet mall will be met, including a multi-level management structure, account sharing for leasing merchants, flexible membership mechanism, and abundant promotion and interactive marketing means.

We plan to purchase the front end copyrights of its platform from MOBCB, by absorbing and utilizing these intellectual properties, the vision of occupying the high ground of data department stores is to be realized. In 2023, the Group intends to register Jingxuan in the Shanghai Free Trade Zone, and plan this company pursuant to the requirements for the high and new technology enterprises in Shanghai, to transfer the Company to a digital company in a two to three-year period, to become a high performing new technology enterprise. Afterwards, stores of Grand Ocean will be the business center and sales center of the Group, while Jingxuan will be the technology center and profit center of the Group.

IV. Effect of external competition, legal environment, and overall business environment.

Marine Transportation Business

In 2022, the world suffered numerous factors that hampered business operations, e.g., Russia-Ukraine war and the COVID-19 pandemic. Meanwhile, the global financial market became even more volatile due to the Fed’s consecutive interest rate hike since March. This has led to a certain extent of depreciation of non-USD currencies, effecting an imported inflation and thus greatly interfering with business operations. According to the “World Economic Outlook” report of the International Monetary Fund (IMF) that was updated in January 2023, the global economic growth rate would slow down from 3.4% in 2022 to 2.9% in 2023. Despite the COVID-19 pandemic has been overcome, the global economic prospects remain to be seen, given the continuous impact of the Russia-Ukraine war on trade, inflation that has slowed down but somehow remained high, and the tightening monetary policy expected to be adopted by the central bank of each country.

The Group’s fleet complies with the United Nations’ International Maritime

Organization regulations for crew working hours, leisure, recreation space, and minimum wage standards, as well as the working environment of the vessels. In addition, the awareness of environmental protection is rising around the world, and marine pollution and air pollution by ships have always been important to all countries. Therefore, in addition to complex and diverse international conventions and regulations, governments of various countries have also established relevant laws and measures for individual sea areas to strictly require ships to comply with the regulations and strengthen ship safety inspections. The costs of marine transportation operations and management will continue to increase in the future.

Department Store Business

2023 may become a key pivot for Chinese economic development. First of all, in terms of the pandemic, after three-year pandemic, the virus strains are getting moderate, vaccines and drugs are getting penetrated, and the group infection has peaked out, resulting in the normalization of the public's life and production. Secondly, after continuing for a year, the impacts from the Russia-Ukraine conflict are fading; thirdly, the Fed is slowing down the pace of rate hikes, and the relieved global liquidity will boost the exchange rate of RMB; fourthly, the Central Economic Work Conference of China specifically stated that the recovery and expansion of consumption shall be prioritized, and powerful measures shall be taken to enhance the consumption power, improve the consumption conditions, and increase the consumption scenarios, for fully releasing the consumption potentials. It is observed that China may launch more economic stimulus policies in 2023.

During the three-year pandemic, the newly added deposit of residents in China accumulated for over RMB 39 trillion. Driven by the recovery of the economic activities, these excessive savings are expected to be released as the consumption momentum. However, at the end of day, how the market condition is revived is the key. From the data of January 2023, the market concerns have not yet fully diminished. The growth of the aggregated private financing is 9.4%, renewed a historic low, which demonstrates an insufficient corporate confidence; the residents repaid loans early, meaning that they have been worried about the economic and investment outlooks. Therefore, while we believe the spring for retailing is coming in the future, but the process will not be smooth and fast, and the impacts on commerce need to be mended.

Churchill said: "a pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." Under the grand change not seen in a century, Grand Ocean survived from the pandemic, but there are many ordeals in the market in the future. However, opportunities and risks are always two sides of a coin, and opportunity is there if the side of risk is flipped over. Grand Ocean does not wait for the consumption recovery passively, but rather takes the initiatives first to fuel up consumers' passion for consumption by making changes in advance.

The FIRST STEAMSHIP team, faced with the global economy changes and market volatility, will be prudent in responding to these changes by strengthening control over operational costs and actively making investment with high return. We will carry out the ship operations in the most favorable mode and at the same time expand our business in department stores and telemarketing, automobile financial leasing business, real estate development and trading business. We firmly believe that diversified business operation underpinned by a good strategy is the driving force for the profit, progress and growth of the FIRST STEAMSHIP Company. We look forward to your continued support and encouragement. We wish you all good health and happiness!

Chairman Jen-Hao Kuo

Two. Company Profile

I. Date of Incorporation: October 8, 1963

II. Company location: 14F., No. 237, Sec. 2, Fuxing S. Rd., Taipei City

TEL: (02)27069911

III. Company History

- In 1963, in response to the government's efforts to establish a strong merchant force to support import and export trade and earn foreign exchange proceeds, the Company was incorporated on October 8, 1963 for international shipping and agency business, with a paid-in capital of NT$2,000,000. With Mr. Han-Cha Tung as chairperson and Mr. Shih-Ching Chu as general manager.
- The paid-in capital in 1964 was $NT25,000,000.
- On November 4, 1965, the Company was approved to be listed, becoming the first shipping firm to have its stock publicly listed. The paid-in capital was $NT50,000,000.
- The paid-in capital in 1968 was $NT75,000,000.
- The paid-in capital in 1970 was $NT81,750,000.
- The paid-in capital in 1971 was $NT89,925,000.
- The paid-in capital in 1972 was $NT100,000,000.
- The paid-in capital in 1973 was $NT101,500,000.
- The paid-in capital in 1974 was $NT110,000,000.
- The paid-in capital in 1975 was $NT121,000,000.
- The paid-in capital in 1976 was $NT145,200,000.
- The paid-in capital in 1977 was $NT174,240,000.
- The paid-in capital in 1978 was $NT209,088,000.
- The paid-in capital in 1979 was $NT250,905,600.
- In 1980, the Company contracted China Ship Building Corporation for a 66,000-ton bulk carrier to expand business, and officially entered the field of PANAMAX shipping; paid-in capital was NT$301,086,720.
- The paid-in capital in 1981 was $NT331,195,390.
- The paid-in capital in 1982 was $NT404,058,400.
- In September 1984, Mr. HSU, HSUN-HUA took over as chairperson.
- In June 1987, Mr. Chih-Yi Lin took over as chairperson.
- The paid-in capital in 1988 was $NT853,012,170.
- The paid-in capital in 1989 was $NT1,800,803,470.
- In November 1993, Mr. Chen Wang took over as chairperson and Mr. Chun-Sheng Lan as general manager.
- In March 1994, the Investment Commission, Ministry of Economic Affairs approved the investment of US$5 million in Panama to establish a 100% reinvested subsidiary called First Steamship S.A.
- The paid-in capital in 1995 was $NT2,201,000,000.

- The paid-in capital in 1996 was $NT2,825,000,000.
- In August 1997, the Company changed its name to FIRST STEAMSHIP COMPANY LIMITED. The paid-in capital was $NT4,166,250,000.
  The ship safety management system was evaluated by Bureau Veritas and CR Classification Society and obtained the “Certificate of Compliance,” making us the first shipping firm in Taiwan to pass the “International Safety Management” codes.
- In February 1998, the Company moved its headquarters to 14F., No. 237, Sec. 2, Fuxing S. Rd., Taipei City, with an area of more than 360 Pings. The paid-in capital was $NT4,416,225,000.
- In July 1999, Mr. Ming-Chih Cheng took over as chairperson.
- In January 2001, Mr. Chih-Mou Chu took over as a managerial officer.
- On January 29, 2002, the 15th Board of Directors and supervisors were re-elected, with Mr. Ming-Chih Cheng as chairperson and Mr. Chin-Chiang Chen as vice chairperson.
- In September 2002, registration for capital reduction was completed, and the paid-in capital became NT$2,119,933,340.
- In February 2003, Mr. Chen-Ting Hsu took over as chairperson.
- In March 2003, the registration for cash capital increase by private placement was completed, and the paid-in capital became NT$3,705,647,590.
- In July 2003, obtained ISO9001:2000 certified by Bureau Veritas.
- In March 2004, the registration for capital reduction and cash capital increase by private placement was completed, and the paid-in capital became NT$2,441,880,000.
- On June 14, 2005, the 16th Board of Directors and supervisors were re-elected, with Mr. Chen-Ting Hsu as chairperson and Mr. Chin-Chiang Chen as vice chairperson.
- In February 2006, Mr. Heng-Yi Chen was appointed as chief executive officer.
- In May 2006, indirectly invested in Grand Ocean Department Store Group Ltd. in Mainland, acquiring a 50% equity interest.
- In March 2007, general manager Mr. Chih-Mou Chu left the Company upon the expiration of his employment contract. Due to the revision of organizational structure, chief executive officer Heng-Yi Chen shall perform the duties of the former general manager.
- On June 19, 2008, the 17th Board of Directors and supervisors were re-elected, with Mr. Chen-Ting Hsu continuing as chairperson and Mr. Chin-Chiang Chen continuing as vice chairperson.
- In July 2009, chief executive officer Heng-Yi Chen resigned. The organizational structure was revised and the position of chief executive officer was changed to general manager, and Mr. Ya-Ming Sun assumed the position.
- In July 2009, obtained ISO9001:2008 certified by Bureau Veritas.
- In August 2009, capital increase by retained earnings of NT$244,188,000, and the paid-in capital became NT$2,686,068,000.
- In October 2009, issued US$30 million overseas secured convertible bonds.

- In March 2010, the overseas convertible bonds were converted into shares amounting to NT$7,357,620 and the paid-in capital became NT$2,693,425,620.
- In August 2010, the overseas convertible bonds were converted into shares amounting to NT$31,637,750 and the paid-in capital became NT$2,725,063,370.
- In December 2010, the overseas convertible bonds were converted into shares amounting to NT$26,816,280 and the paid-in capital became NT$2,751,879,650.
- In March 2011, NT$16,000,000 of treasury shares were retired, the overseas convertible bonds were converted into shares amounting to NT$36,238,270 and the paid-in capital became NT$2,772,117,920.
- In June 2011, the overseas convertible bonds were converted into shares amounting to NT$18,119,140 and the paid-in capital became NT$2,790,237,060.
- On June 28, 2011, the 18th Board of Directors and supervisors were re-elected, with Mr. Chen-Ting Hsu continuing as chairperson and Mr. Chin-Chiang Chen continuing as vice chairperson.
- In August 2011, NT$21,030,000 of treasury shares were retired, the overseas convertible bonds were converted into shares amounting to NT$32,614,440 and the paid-in capital became NT$2,801,821,500
- In October 2011, issued US$20 million overseas unsecured convertible bonds.
- In December 2011, NT$25,650,000 of treasury shares were retired, and the paid-in capital became NT$2,776,171,500.
- In June 2012, the Company's reinvested enterprise, Grand Ocean Retail Group Limited, was listed and traded on the Taiwan Stock Exchange under stock code F5907.
- In June 2012, issued US$45 million overseas secured convertible bonds.
- In August 2012, general manager Mr. Ya-Ming Sun retired and was succeeded by Mr. Wei-Yen She.
- In January 2013, increased capital by cash of NT$1 billion and the paid-in capital became NT$3,776,171,500.
- In February 2013, invested in Mainland with the establishment of “Youcheng Financial Leasing Co., Ltd.” to carry on financial leasing business.
- In February 2014, general manager Mr. Wei-Yen She. resigned and was replaced by Mr. Miao-Lung Hsieh.
- On June 20, 2014, the 19th Board of Directors and supervisors were re-elected. Mr. Akira Nagahara took over as chairperson.
- On July 1, 2014, the Taiwan Stock Exchange adjusted the Company's listing industry category from shipping to trading and department stores, and the stock code remained at 2601.
- On February 4, 2015, the Company completed raising NT$900 million of domestic secured convertible bonds, and on February 6, the bonds named FSC1 were listed on the Over-the-Counter market under the stock code 26011. On March 27, 2017,

Over-the-Counter trading of the bonds was terminated.

- On February 5, 2015, the Company completed raising NT$100 million of domestic unsecured convertible bonds, and on February 9, the bonds named FSC2 were listed on the Over-the-Counter market under the stock code 26012. On March 27, 2017, Over-the-Counter trading of the bonds was terminated.
- On June 29, 2015, the Company completed raising NT$2 billion of domestic secured ordinary bonds, and the bonds named FSC104-1 were listed on the Over-the-Counter market under the stock code B99301. On June 30, 2020, Over-the-Counter trading of the bonds was terminated.
- In June 2016, general manager Mr. Miao-Lung Hsieh was discharged of his duties and was replaced by Mr. Jen-Hao Kuo.
- In August 2016, NT$67,340,000 of treasury shares were retired, and the paid-in capital became NT$3,708,831,500.
- In May 2017, increased capital by cash of NT$2.6 billion and the paid-in capital became NT$6,308,831,500.
- On June 21, 2017, the 20th Board of Directors and supervisors were re-elected. Mr. Akira Nagahara took over as chairperson. An audit committee was established to replace supervisors.
- On December 19, 2017 general manager Mr. Akira Nagahara was discharged of his duties and was replaced by Mr. Jen-Hao Kuo.
- In February 2019, issued US$50 million overseas secured convertible bonds.
- In March 2020, bought back 10,000,000 shares of treasury stock and increased capital by retained earnings of $558,794,840, and the paid-in capital became $6,867,626,340.
- On June 18, 2020, the 21st Board of Directors and supervisors were re-elected. Mr. Jen-Hao Kuo took over as chairperson.
- In April, July, and September 2021, the overseas convertible bonds were converted into shares amounting to NT$1,480,134,330 and the paid-in capital became NT$8,347,760,670
- In April 2023, NT$10,000,000 of treasury shares were retired, and the paid-in capital became NT$8,247,760,670.

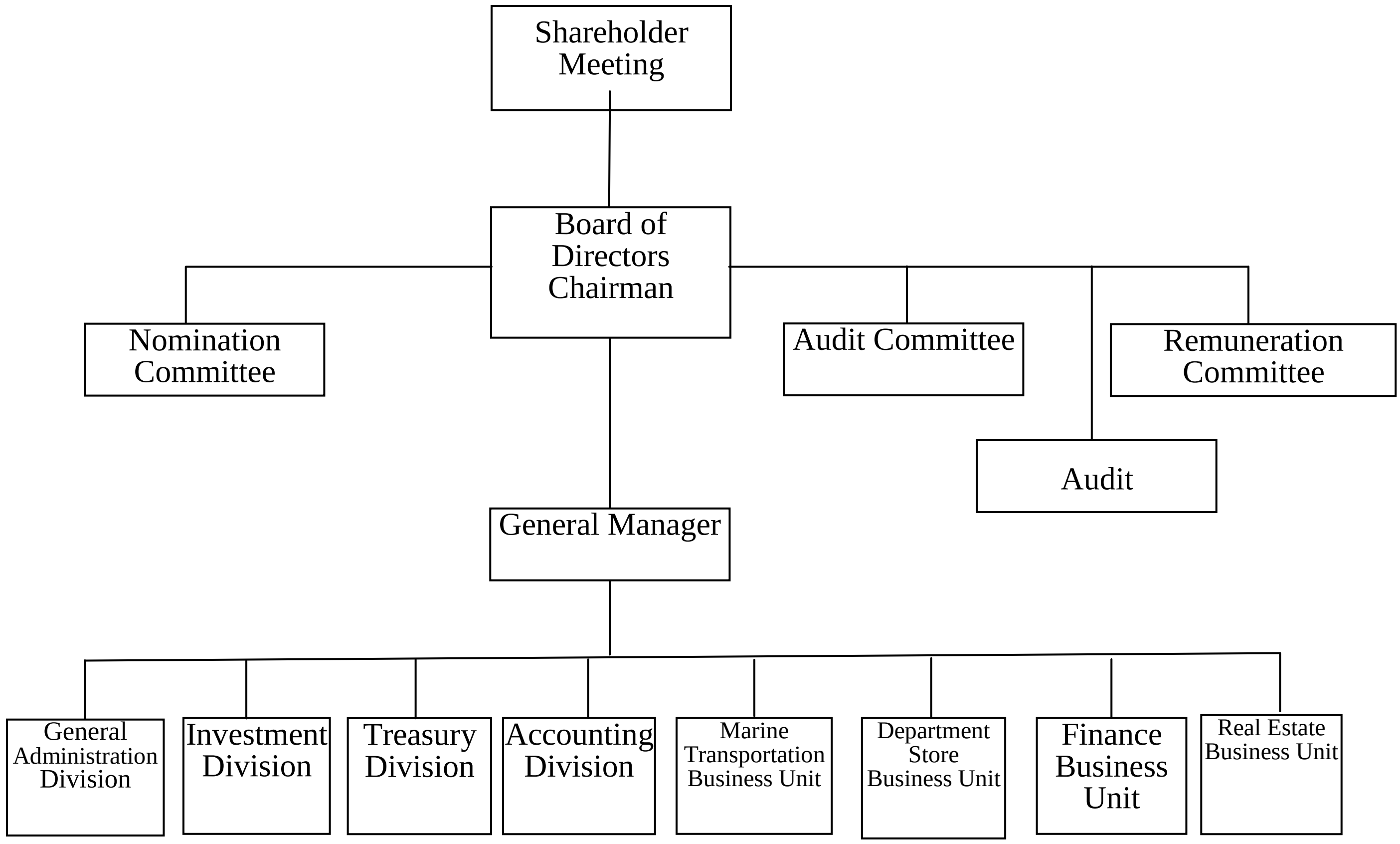
Three. Corporate Governance

I. Organizational System

(I) The Company’s Organizational Structure

FIRST STEAMSHIP COMPANY LIMITED

Organizational Structure



(II)Businesses of each major department

1. Remuneration Committee: To establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors, independent directors and managerial officers. To regularly review and determine the remuneration of directors, independent directors and managerial officers.
2. Audit Committee: The main responsibilities are to consider or deal with the following matters:

   I. To establish or amend the internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.

   II. The assessment of the effectiveness of the internal control systems.

   III. To establish or amend procedures for handling significant financial operations such as acquiring or disposing of assets, engaging in derivative transactions, lending funds to others, endorsing or providing guarantees for others in accordance with the provisions of Article 36-1 of the Securities and Exchange Act.

   IV. Matters involving the directors' personal interests.

   V. Significant asset or derivative transactions.

   VI. Significant funds lending, endorsements or guarantees.

   VII. Raising, issuing or private placement of marketable securities with equity nature.

   VIII. The appointment, discharge or remuneration of attesting CPA.

   IX. Appointment or dismissal of finance, accounting or internal audit officer.

   X. Annual and semi-annual financial statements.

   XI. Other significant matters stipulated by the Company or the competent authorities.
3. Nomination Committee: The main responsibilities are to consider or deal with the following matters.

   (1) Nominate the Company's directors, and review the qualifications of director candidates.

   (2) Create the organizational structure of the various functional committees under the Board of Directors, and review the formulation and revision of the charter of each functional committee.

   (3) Review the formulation and revision of the regulations governing the operation of the Board of Directors.

   (4) Review the Company's "Corporate Governance Best Practice Principles".

   (5) Others tasks assigned to this committee by the Board of Directors.
4. Audit: Responsible for assisting the Board of Directors and managerial officers to

independently and objectively evaluate the effectiveness of the design and implementation of the internal control systems and provide timely recommendations for improvement to ensure compliance with corporate policies and relevant laws and regulations.

5. General Administration Division: Includes general affairs, information, human resources, administration, procurement of office supplies, and support for related matters within the Group, as well as the board secretariat (the liaison window for the shareholder meeting, the Board of Directors, the Audit Committee, the application to the Ministry of Economic Affairs for changes in the amount of registered capital, changes in the membership of the Board of Directors, amendments to the Article of Incorporation, and the succession of shareholders' shares and the stock affairs department).
6. Investment Division: Analysis and research of domestic and international economic trends and industry dynamics, analysis of macro economics and risks and countermeasures, regular and irregular analysis, evaluation and reporting of investment and credit risk, evaluation and analysis of reinvested enterprises as well as their tracking and management, and planning, execution and management of financial projects.
7. Treasury Division: Matters related to the management of the Group's capital, issuance of securities, capital reduction, and execution of treasury stock repurchase and change operations.
8. Accounting Division: Preparation of general ledger accounts, tax, budget, and financial statements of the Group and public information related announcements.
9. Marine Transportation Business Unit: Sales department, Engineering department, Crew HR department, Procurement department, etc. related to marine transportation business.
10. Department Store Business Unit: The operation and management of department store business.
11. Finance Business Unit: Finance business unit: Investment, financial leasing, issuance of marketable securities and other related businesses.
12. Real Estate Business Unit: Investment, sale and lease of real estate.

II. Directors and major managerial officers

(I) Information on directors

March 31, 2023

Title (Note 1)	Nationality or place of registration	Name	Gender and age (Note 2)	Date Elected (Assuming Office)	Term of Office	Date First Elected (Note 3)	Shareholding when elected		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences (Note 4)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are managerial officers or Company directors			Remarks(Note 5)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage			Title	Name	Relation	
Chairperson (Note 8)	Republic of China	Yonghenghui Investment Co., Ltd.	-	2020.06.18	3 years	2020.06.18	15,700,000	2.49	23,791,000	2.88	0	0	0	0	Not applicable	Not applicable	-	-	-	
	Republic of China	(Representative Jen-Hao Kuo)	Male 41~50 years old	2020.06.18	3 years	2016.06.24	0	0	1,057,006	0.13	0	0	23,791,000	2.88	Tian Ran Group/Director, Chief finance officer Private Equity Management Group Vice president、 PWC Transaction Services、 Merrill Lynch Research Assistant、 Pace University NY MBA Finance & Accounting US CPA	Chairman & CEO, First Steamship Co. Ltd. Chairman, Grand Ocean Retail Group Limited Chairman & CEO, Royal Sunway Development Co., Ltd. Director, Grand Citi Ltd.. (HK) Chairman & Non-executive Director, Sandmartin International Holdings Limited Chairman & Non-executive Director & Member of Auditing Committee and Remuneration Committee, Da Yu Financial Holdings Limited Chairman & CEO, Taiwan Environmental Scientific Co., Ltd. Chairman & CEO, Yee Shin Investment Co., Ltd. Chairman, Yonghenhui Investment Co., Ltd. Chairman, Fuliyang Technology Co., Ltd. Chairman, Richwell Capital Ltd. Director, Jia Wang Asset Development Co., Ltd.and (Note 7)	-	-	-	(Note 6)
Director (Note 9)	Republic of China	Henghua Investment Co., Ltd.	-	2020.06.18	3 years	2002.01.29	52,354,078	8.30	57,065,945	6.92	0	0	0	0	Not applicable	Not applicable	-	-	-	
	Hong Kong	(Representative Qing-Hai Ng)	Male 61~70 years old	2020.06.18	3 years	2016.07.11	0	0	0	0	0	0			SHANGHAI ALLIED CEMENT LIMITED/director, finance officer, vice chairperson, general manager China Vision Media Group Limited/executive director, managing director Allied Cement Holdings Limited/managing director Managing consulting programs, Grandes Écoles de Commerce Certified public accountant in China	Grand Ocean Retail Group Limited/ director, general manager Grand Ocean Department Store Group Co., Ltd./ Chairman, SHANGHAI ALLIED CEMENT LIMITED/vice Chairman, general manager Shanghai Allied Cement Limited/president Grand Citi Ltd./director	-	-	-	
Director (Note 10)	Republic of China	Henghua Investment Co., Ltd.	-	2020.06.18	3 years	2002.01.29	52,354,078	8.30	57,065,945	6.92	0	0	0	0	Not applicable	Not applicable	-	-	-	
	Republic of China	(Representative Chien-Wan Chuang)	Male 61~70year old	2020.06.18	3 years	2008.07.01	0	0	21,800	0.003	0	0	0	0	Deputy general manager /FIRST STEAMSHIP COMPANY LIMITED	COO, Marine Business, First Steamship Co., Ltd. and (Note 7)	-	-	-	

Title (Note 1)	Nationality or place of registration	Name	Gender and age (Note 2)	Date Elected (Assuming Office)	Term of Office	Date First Elected (Note 3)	Shareholding when elected		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences (Note 4)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are managerial officers or Company directors			Remarks(Note 5)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage			Title	Name	Relation	
															Keelung Maritime School					
Director (Note 11)	Republic of China	Xundong Investment Co., Ltd.	-	2020.06.18	3 years	2002.01.29	13,903,157	2.20	15,154,441	1.84	0	0	0	0	Not applicable	Not applicable	-	-	-	
	Australia	(Representative Dennis Wai-Tak Yau)	Male 61~70 years old	2020.06.18	3 years	2018.07.02	0	0	0	0	0	0	0	0	Allied Group Limited, Head of Internal Audit、Rising Peak Group Company Limited, Chief Financial Officer, and Company Secretary. Canton Property Investments Limited, Chief Financial Officer, and Company Secretary. Bachelor of Economics, with accounting major, Macquarie University, Sydney, Australia. Member of the Australian Society of Certified Practising Accountants.	CFO & CAO, First Steamship Co., Ltd. and (Note 7)	-	-	-	
Independent director (Note 12)	Republic of China	Tseng-ping Chao	Male 51~60 year old	2020.06.18	3 years	2017.06.21	0	0	0	0	0	0	0	0	Union Capital (Taiwan) Asset Management co./general manager, director Director, EFG Securities Investment Consulting Co. Ltd. Texas A&M University Master of Science in Finance	Chairman & CEO, Union Capital (Taiwan) Asset Management Co. Ltd. Chairman, UCAP Securities (HK) Limited	-	-	-	
Independent director (Note 13)	Republic of China	Hsin-Kai Kung	Male 41~50 years old	2020.06.18	3 years	2017.06.21	0	0	0	0	0	0	0	0	Xinkai Joint Accounting Firm, CPA and president Xinkai Joint Accounting Firm, partner CPA and president Department of Accounting, TAMKANG UNIVERSITY Tiffin University MBA Certified public accountant in R.O.C.	Xinkai Joint Accounting Firm, CPA and president CASTLES TECHNOLOGY CO., LTD. independent director, member of audit committee, member of remuneration committee SIM Card Consulting Limited/Chairman Taiwan Environmental Scientific Co., Ltd. / chief financial officer and spokesperson	-	-	-	
Independent director (Note 14)	Republic of China	Jung-Tsung Yang	Male 51~60 year old	2020.06.18	3 years	2020.06.18	0	0	0	0	0	0	0	0	Hengsheng Law Firm/president Chainqui Construction Development Co., Ltd. /Representative of juristic-person director, Chyun International Co., Ltd. Taiwan High Prosecutors Office /prosecutor Taiwan Taipei District Prosecutor's Office/prosecutor Department of Justice/prosecutor Taiwan Taipei District Court /Prosecutor's Office chief prosecutor Supreme Court Prosecutor’s Office /Special Investigation	Hengsheng Law Firm/president CTBC Bank/director	-	-	-	

Title (Note 1)	Nationality or place of registration	Name	Gender and age (Note 2)	Date Elected (Assuming Office)	Term of Office	Date First Elected (Note 3)	Shareholding when elected		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences (Note 4)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are managerial officers or Company directors			Remarks(Note 5)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage			Title	Name	Relation	
															Division chief, spokesperson Academy for the Judiciary, Ministry of Justice Institute of Diplomatic & International Affairs, Ministry of Foreign Affairs Lectures at the Judges Academy, Ministry of Justice 2013 Model public servants of the Ministry of Justice Graduated from Department of Law, National Taiwan University Master of Political Science, National Taiwan University 1991 Examination for Lawyers Passed the Special Examination for Judicial Officers.					
Independent director (Note 15)	Republic of China	Ping-Sum Lui	Male 41~50 years old	2022.06.24	3 years	2022.06.24	0	0	0	0	0	0	0	0	Argyle Street Management Limited / Partner BDA Partners / Senior manager Dah Chong Hong Holdings Limited/ Senior chief of the Business Analysis Department PwC / senior auditor Department of Accounting, The Chinese University of Hong Kong CPA of the Hong Kong Institute of Certified Public Accountants	Argyle Street Management Limited / Partner CPA of the Hong Kong Institute of Certified Public Accountants	-	-	-	

Note 1: Juristic-person shareholders should list their names and representatives separately (for their representatives, the names of the juristic-person shareholder should be indicated),and should fill in the following table (II) the major shareholders of the juristic-person shareholder, and (III) the major shareholders of the juristic-person shareholder..

Note 2: Please indicate the actual age, which can be expressed by range, such as 41~50 years old or 51~60 years old.

Note 3: Fill in the time when first serving as a director or supervisor of the Company. If there is any interruption, it should be Noted.

Note 4: For experience related to the current position, if ever worked for the CPA firm or its affiliates during the period mentioned in the preceding paragraph, the title of the position and the duties performed should be specified.

Note 5: If the chairperson and the general managers or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within the first degree of kinship, the reason, rationality, necessity, corresponding measures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be disclosed: No such situation.

Note 6: Since June 24, 2016, Mr. Jen-Hao Kuo took over as general manager and has dedicated to the reorganization and transformation of the Company; then took over concurrently as chairperson and general manager on December 19, 2017, and delivered a good result by the end of 2017, turning the Company's continuous losses to profits. In order to continue to strengthen and implement group integration and resource consolidation, it is still necessary at this stage to have a high degree of mastery over the Company's operations, business strategies, risk controls as well as over the overall industry dynamics so that the Company can take operational countermeasures and make target adjustments at critical moments. In addition, only 3 of the 7 board members are employees. More than half of the board members are outside directors (including independent directors), so the board remains objective in its decision-making. The Company expects to add an independent director if the chairperson and general manager is still the same person when the board directors are fully re-elected in 2023 at the latest, in order to strengthen the independence of the Board of Directors and comply with regulations.

Note 7: Please refer to Eight. Special Matters of this annual report for I.(II)3. Directors, supervisors and general managers of affiliates.

Note 8: On June 18, 2020, the Board of Directors was fully re-elected, including the new juristic-person director, represented by Mr. Jen-Hao Kuo.

Note 9: On June 18, 2020, the Board of Directors was fully re-elected, including the re-elected juristic-person director, and Mr. Ching-Hai Huang continued to be the representative.

Note 10: On 2020.6.18, The Board of Directors was fully re-elected, including the re-elected juristic-person director. The original representative was Mr. Jen-Hao Kuo and the representative appointed for this term was Mr. Chien-Wan Chuang.

Note 11: On 2020.6.18, The Board of Directors was fully re-elected, including the re-elected juristic-person director, Mr. Wei-Te Chiu continued to be the representative. The number of juristic-person directors was reduced from 2 to 1.

Note 12: On 2020.6.18, The Board of Directors was fully re-elected, including the re-elected independent director.

Note 13: Independent director re-elect in the general election of directors at the Shareholders Meeting dated June 18, 2020, who was resigned as a member of the Company’s Audit Committee and Remuneration Committee on May 16, 2022.

Note 14: On 2020.6.18, The Board of Directors was fully re-elected, including the new independent director.

Note 15: Elected in the by-election at the Shareholders Meeting dated June 24, 2022 as independent director of the 21st Board of Directors and member of the Audit Committee, and appointed as a member of the 4th Remuneration Committee by the Board of Directors meeting dated August 12, 2022.

(II) Major shareholders of juristic-person shareholders: March 31, 2023

Name of juristic-person shareholder (Note 1)	Major shareholders of juristic-person shareholders (Note 2)
Yonghenghui Investment Co., Ltd	Jen-Hao Kuo (Holding 99%), Yi-Ying Lai (Holding 1%)
Henghua Investment Co., Ltd.	Xundong Investment Co., Ltd. (Holding 100%)
Xundong Investment Co., Ltd.	Jiancheng Investment Co., Ltd. (Holding 100%)

Note 1: If the director or supervisor is a representative of a juristic-person shareholder, the name of the juristic-person shareholder should be filled in.

Note 2: Fill in the names of the major shareholders of the juristic-person shareholder (whose shareholding % is among the top ten) and their shareholding%. If the major shareholders of a juristic-person shareholder are juristic persons, table 2 below should be filled in.

Note 3: If a juristic-person shareholder is not a corporate organization, the name of the shareholder and shareholding % mentioned in the preceding paragraph shall be the name of the contributor or donor and the percentage of the contribution or contribution or donation.

(III) If the major shareholder is a juristic person, its major shareholder: March 31, 2023

Name of juristic-person (Note 1)	Major shareholders of juristic-persons (Note 2)
Xundong Investment Co., Ltd.	HANGLETON HOLDINGS LTD. (holding 100% shares)
Jiancheng Investment Co., Ltd.	FORTUNE GOLD INVESTMENTS LTD. (holding 100% shares)

Note 1: If the major shareholder in Table 1 above is a juristic-person, the name of the juristic-person should be filled in.

Note 2: Fill in the names of the major shareholders of the juristic-person (whose shareholding % is among the top ten) and their shareholding%.

Note 3: If a juristic-person shareholder is not a corporate organization, the name of the shareholder and shareholding % mentioned in the preceding paragraph shall be the name of the contributor or donor and the percentage of the contribution or contribution or donation.

(IV) Disclosure of professional qualifications of directors and independence of independent directors:

Criteria Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Jen-Hao Kuo/chairman	Certified public accountant in the United States. Graduated from Pace University NY MBA Finance & Accounting. Experience: Tian Ran Group/Director, Chief finance officer Private Equity Management Group Vice president. PWC Transaction Services. Merrill Lynch Research Assistant. Work experiences and professional knowledge and skills in business, legal, financial, accounting or related areas required for the Company's business Not a person with any of	The individual's independence is not affected by the fact that he or she served as the Company's chairperson concurrently as the general manager, as well as served as the director, general manager and CEO of the Company's affiliates (Note 3), two years before elected two years and during their terms of office while all significant matters are reported to the Board of Directors for resolution before implementation. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates A natural-person shareholder holding more than 24,848,006 shares, 3.01% of the total number of issued shares or	None

Criteria / Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	the circumstances under Article 30 of the Company Act.	among the top 10 natural-person shareholders in the name of the individual itself, its spouse, minor children or others. The individual is the representative of the juristic-person Yonghenghui and has only obtained 1 seat in the Board of Directors of the Company and does not have the ability to control a majority of the seats in the Board of Directors and control the voting rights of other directors. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Qing-Hai Ng/director	Certified public accountant in China Graduated from the managing consulting programs, Grandes Écoles	The individual's independence is not affected by the fact that he or she served as the director, general manager of the Company's affiliates (Note 3), two years before elected two	None

Criteria / Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	de Commerce Experience: SHANGHAI ALLIED CEMENT LIMITED/director, finance officer, vice chairperson, general manager China Vision Media Group Limited/executive director, managing director Allied Cement Holdings Limited/managing director Work experiences and professional knowledge and skills in business, legal, financial, accounting or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	years and during their terms of office while all significant matters are reported to the Board of Directors for resolution before implementation. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 shares. The individual is the representative of the juristic-person Henghua and has only obtained two seats in the Board of Directors of the Company and does not have the ability to control a majority of the seats in the Board of Directors and control the voting	

Criteria / Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
		rights of other directors. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Chien-Wan Chuang/director	Graduated from the Keelung Maritime School Experience: FIRST STEAMSHIP COMPANY LIMITED, deputy general manager Work experiences and professional knowledge and skills in business, marine, or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	The individual's independence is not affected by the fact that he or she served as the COO of the Company's Marine Transportation Business Unit and served as the director of the Company's affiliates (Note 3), two years before elected two years and during their terms of office while all significant matters are reported to the Board of Directors for resolution before implementation. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer	None

Criteria / Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
		of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 21,800 shares, accounting for 0.03%. The individual is the representative of the juristic-person Henghua and has only obtained two seats in the Board of Directors of the Company and does not have the ability to control a majority of the seats in the Board of Directors and control the voting rights of other directors. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Dennis Wai-Tak Yau /director	Certified public accountant in Australia	The individual's independence is not affected	None

Name/Role \ Criteria	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	Graduated as the Bachelor of Economics, with Accounting major, Macquarie University, Sydney, Australia. Experience: Allied Group Limited, Head of Internal Audit. Rising Peak Group Company Limited, Chief Financial Officer, and Company Secretary. Canton Property Investments Limited, Chief Financial Officer, and Company Secretary. Work experiences and professional knowledge and skills in business, legal, financial, accounting or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company	by the fact that he or she served as the CFO & CAO of the Company's and served as the director of the Company's affiliates (Note 3), two years before elected two years and during their terms of office while all significant matters are reported to the Board of Directors for resolution before implementation. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. The individual is the	

Name/Role \ Criteria	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	Act.	representative of the juristic-person Xundong and has only obtained 1 seat in the Board of Directors of the Company and does not have the ability to control a majority of the seats in the Board of Directors and control the voting rights of other directors. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Tseng-Ping Chao /Independent director /Audit Committee convener /Remuneration Committee convener	Graduated from the Texas A&M University Master of Science in Finance. Experience: Union Capital (Taiwan) Asset Management co./ Chairman & CEO Ruizi Securities Investment Consulting (Stock) Company,	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or	None

Criteria / Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	director Private Banking Department, The Hongkong and Shanghai Banking Corporation, Taipei Branch/vice president Credit Lyonnais Securities Asia Taipei/Senior Investment Advisor (34 years of professional experience in finance and business) Current position: Union Capital (Taiwan) Asset Management co./ chairman and general manager Work experiences and professional knowledge and skills in business, finance, or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with which the Company has a specific relationship. No remuneration received for the provision of business, legal, financial, and accounting services to the Company or its affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not	

Name/Role \ Criteria	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
		elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Hsin-Kai Kung /Independent director /Audit Committee member /Remuneration Committee member (resigned from the said posts on May 16, 2022.)	Certified public accountant in R.O.C. Department of Accounting, TAMKANG UNIVERSITY; Experience: Xinkai Joint Accounting Firm, CPA and president Xinkai Joint Accounting Firm, partner CPA and president CASTLES TECHNOLOGY CO., LTD/independent director, member of audit committee, member of remuneration committee SIM Card Consulting Limited/ Chairman (23 years of professional experience in accounting, finance and business, including 13 years as a practicing CPA) Current position: Xinkai Joint Accounting Firm,	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with	Concurrently serve 1 company CASTLES TECHNOLOGY CO., LTD. /Independent director /Audit Committee member /Remuneration Committee member

Criteria / Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	CPA and president SIM Card Consulting Limited/ Chairman Taiwan Environmental Scientific Co., Ltd. / chief financial officer and spokesperson Work experiences and professional knowledge and skills in business, legal, financial, accounting or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	which the Company has a specific relationship. No remuneration received for the provision of business, legal, financial, and accounting services to the Company or its affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Jung-Tsung Yang /Independent director /Audit Committee member /Remuneration Committee member	Passed the Examination for Lawyers and the Special Examination for Judicial Officers. Graduated from the Department of Law of National Taiwan University, master of the Graduate School of Political Science, National Taiwan University	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third	None

Criteria / Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	Experience: Attorney, Taipei District Court, Taiwan; Attorney, Office of the Ministry of Justice; Director of the Taipei District Court, Taiwan; Attorney, Taiwan High Court, Taiwan; Head of the Special Investigation Section, Supreme Court Prosecutor's Office; Spokesperson; 2013 model public servant in the Ministry of Justice; Judicial Officer Academy, Ministry of Justice; Foreign Service Institute, Ministry of Foreign Affairs; Chair, Judicial College, Judicial Yuan; President, Hengsheng Law Firm. (31 years of professional experience in legal affairs and business) Current position: Hengsheng Law Firm/president CTBC Bank/director Work experiences and professional knowledge and skills in business, legal affairs, or	degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with which the Company has a specific relationship. No remuneration received for the provision of business, legal, financial, and accounting services to the Company or its affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the	

Criteria / Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	government or a juristic person as provided in Article 27 of the Company Act.	
Ping-Sum Lui /Independent director /Audit Committee member /Remuneration Committee member Elected in the by-election at the Shareholders Meeting dated June 24, 2022 as independent director of the 21st Board of Directors and member of the Audit Committee, and appointed as a member of the 4th Remuneration Committee by the Board of Directors meeting dated August 12, 2022.	CPA of the Hong Kong Institute of Certified Public Accountants Department of Accounting, The Chinese University of Hong Kong. Experience: Argyle Street Management Limited / Partner BDA Partners / Senior manager Dah Chong Hong Holdings Limited/ Senior chief of the Business Analysis Department PwC / senior auditor (22 years of professional experience in accounting,	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share.	None

Criteria / Name/Role	Professional qualification and experience (Note 1)	Status of Independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	finance, and business) Current position: Argyle Street Management Limited / Partner Work experiences and professional knowledge and skills in business, legal, financial, accounting or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	Not a director, supervisor or employee of a company with which the Company has a specific relationship. No remuneration received for the provision of business, legal, financial, and accounting services to the Company or its affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	

Diversity and Independence of the Board of Directors:

(I) Diversity of the Board of Directors:

The Company advocates and respects the policy of board diversity in order to strengthen corporate governance and promote the sound development of board composition and structure, believing that the diversity approach will help enhance the overall performance of the Company. Board members are selected on the basis of merit and have diverse and complementary abilities across industries, including basic composition (e.g., age, gender, nationality, etc.), industry experience and related skills (e.g., marine, department stores, finance, accounting, legal affairs, and business), as well as business judgment, operation management, leadership, and crisis management. In order to strengthen the functions of the Board of Directors to achieve the desired goals of corporate governance, Article 20 of the Company's “Corporate Governance Principles” state that the Board of Directors as a whole should possess the following competencies:

1. The ability to make judgments about operations.

2. Accounting and financial analysis ability.

3. Business management ability.

4. Crisis management ability.

5. Industry Knowledge

6. An international market perspective.

7. Leadership ability.

8. Decision-making ability.

The diversity policy of the current Board of Directors of the Company and its implementation are as follows:

Diversified cores / Name of director	Basic composition			Basic composition						Industry experience								Professional competency		
				Age			Term and seniority of independent director													
	Nationality	Gender	Concurrently serving as an employee	41~50 years old	51~60 year old	61~70 years old	under 3 years	under 3~6 years	6~9 years	Maritime transportation	Department store	Professional service and marketing	Accounting and finance	Construction and engineering	Banking, insurance, and real estate	Commerce and supplies	ICT	Law	Accounting	Risk management
Chairman Jen-Hao Kuo	Republic of China	Male	✓	✓				✓			○	✓	✓	✓	✓		○		✓	✓
Director Qing-Hai Ng	Hong Kong	Male				✓		✓			✓	✓	○	○	○	✓			✓	✓
Director Chien-Wan Chuang	Republic of China	Male	✓			✓		✓		✓		○					○			✓
Director Dennis Wai-Tak Yau	Australia	Male	✓			✓		✓		✓			✓		○			✓	✓	✓
Independent director Tseng-Ping Chao	Republic of China	Male			✓			✓					✓		✓	✓	✓			✓
Independent director Hsin-Kai Kung (Resigned on May 16, 2022)	Republic of China	Male		✓				✓					✓	○	✓		✓		✓	✓
Independent director Jung-Tsung Yang	Republic of China	Male			✓		✓						○		✓		○	✓		✓
Independent director Ping-Sum Lui (Assuming office on June 24, 2022)	Republic of China	Male		✓			✓					✓	✓	○	✓	✓	✓		✓	✓

Note: ✓means capable, ○ means partially capable.

(1) The 7 members of the 21st Board of Directors of the Company (including 3 independent directors) are as a whole capable of business judgment, leadership, business management, international market perspective and crisis management, and have industry experience and professional capabilities. Among them, Director Chien-Wan Chuang and Director Dennis Wai-Tak Yau are experienced in the maritime industry; Director Qing-Hai Ng in the department store industry; Director Jen-Hao Kuo, Director Qing-Hai Ng, and Independent Director Bing-Sen Lei in professional services and marketing; Director Jen-Hao Kuo, Director Dennis Wai-Tak Yau, Independent Director Tseng-Ping Chao, Independent Director Hsin-Kai Kung, and Independent Director Ping-Sum Lui in finance and treasury; Director Jen-Hao Kuo in construction and engineering; Director Jen-Hao Kuo, Independent Director Tseng-Ping Chao, Independent Director Hsin-Kai Kung, Independent Director Jung-Tsung Yang, and Independent Director Ping-Sum Lui in banking, insurance and real estate; Director Qing-Hai Ng and Independent Director Tseng-Ping Chao and Independent Director Ping-Sum Lui in business and supply; Independent Director Tseng-Ping Chao and Independent Director Hsin-Kai Kung, and Independent Director Ping-Sum Lui in information and technology; Director Dennis Wai-Tak Yau and Independent Director

Jung-Tsung Yang in legal; Director Jen-Hao Kuo, Director Qing-Hai Ng, Director Dennis Wai-Tak Yau, Independent Director Hsin-Kai Kung, and Independent Director Ping-Sum Lui in accounting; Director Jen-Hao Kuo, Director Qing-Hai Ng, Director Dennis Wai-Tak Yau, Director Chien-Wan Chuang, Independent Director Tseng-Ping Chao, Independent Director Hsin-Kai Kung, Independent Director Jung-Tsung Yang, and Independent Director Bing-Sen Lei in risk management.

(2) The average term of office of the Company's incumbent directors is 4.7 years. Among them, independent director Bing-Sen Lei has been in office for 0.8 years (newly elected in the by-election on June 24, 2022); independent director Jung-Tsung Yang 2.8 years; director Wei-Te Chiu 4.8 years; director Chien-Wan Chuang 5.3 years; independent director Tseng-Ping Chao 5.8 years; and director Jen-Hao Kuo and director Ching-Hai Huang 6.8 years separately. None of the independent directors has been in office for more than three terms.
There are 3 foreign (Hong Kong and Australia) and 4 local directors, all of whom are male, and the composition is 43% of 3 local independent directors and 43% of 3 employee directors. The age distribution of the board members is 2 directors aged 41 to 50, 2 directors aged 51 to 60, and 3 directors aged 61 to 70.
In addition to the above, <u>the Company also places emphasis on gender equality in the composition of the Board of Directors and intends to add at least one female director at the most recent shareholders' meeting and will continue to strive to have the Board of Directors comprise at least 2 female directors in the future.</u>

(3) The aspects, complementarity and implementation of the diversity of the Board of Directors have already been carried through and are superior to the standards set forth in Article 20 of our Corporate Governance Principles. In the future, we will continue to revise the diversity policy, including but not limited to the basic requirements and values, professional knowledge and skills, and other standards in accordance with the operation of the Board of Directors, business model and development needs, so as to ensure that the members of the Board of Directors are generally equipped with the necessary knowledge, skills and education to perform their duties.

(II) Independence of the Board of Directors: The 21st Board of Directors of the Company consists of 7 directors, with a composition of 4 regular directors and 3 independent directors, with 43% of the composition being independent directors. No independent Director has been an employee, director, or supervisor of the Company or its affiliates within two years prior to his or her election and during his or her term of office. None of the individual’s spouse, relative within second degree of kinship, or lineal relative within third degree of kinship holds is an employee, director, supervisor, or managerial officer of the Company or its affiliates, and I am not related to any other director as a spouse or relative within two degrees, and the individual is not related to any other director as a spouse or relative within second degree of kinship or has not been elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor, and in the case of audit committee members with accounting or financial expertise, specify their accounting or financial background and work experience, and state whether they have any of the circumstances under the provisions of Article 30 of the Company Act.

Note 2: The status of the independence of independent directors should be stated, including, but not limited to, whether they, their spouse or relatives within second degree of kinship are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by them, their spouses or relatives within second degree of kinship (or in the name of others); and whether they are directors of companies with specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraph 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). The amount of remuneration they received from the Company or its affiliates for business, legal, financial and accounting services in the last 2 years.

Note 3: Please refer to Eight. Special Matters of this annual report for I.(II)3. Directors, supervisors and general managers of affiliates

(V) Information on general managers, deputy general managers, senior managers, and officers of various departments and branches

March 31, 2023

Title (Note 1)	Nationality	Name	Gender	Date Elected (Assuming Office)	Shareholding		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences (Note 2)	Concurrent positions in other companies now	Managerial officers with spouses or relatives with a second degree of kinship			Note (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage			Title	Name	Relation	

Title (Note 1)	Nationality	Name	Gender	Date Elected (Assuming Office)	Shareholding		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences (Note 2)	Concurrent positions in other companies now	Managerial officers with spouses or relatives with a second degree of kinship			Note (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage			Title	Name	Relation	
General Manager	Republic of China	Jen-Hao Kuo	Male	June 24, 2016	1,057,006	0.13	0	0	23,791,000	2.88	Tian Ran Group/director, chif finance officer Private Equity Management Group Vice president、 PWC Transaction Services、 Merrill Lynch Research Assistant、 Pace University NY MBA Finance & Accounting Certified public accountant in the United States.	Taiwan Environmental Scientific Co., Ltd. /Chairman and CEO Yee Xin Investment Co., Ltd. /Chairman Yonghenghui Investment Co.,Ltd. / Chairman Fuliyang Technology Co., Ltd./ Chairman Heang Fu International Co., Ltd/ Chairman Grand Citi Ltd. /Director and (Note 5)	-	-	-	(Note 4)

Title (Note 1)	Nationality	Name	Gender	Date Elected (Assuming Office)	Shareholding		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences (Note 2)	Concurrent positions in other companies now	Managerial officers with spouses or relatives with a second degree of kinship			Note (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage			Title	Name	Relation	
Chief financial officer and chief accounting officer	Australia	Dennis Wai-Tak Yau	Male	July 2, 2018	0	0	0	0	0	0	Allied Group Limited, Head of Internal Audit、 Rising Peak Group Company Limited, Chief Financial Officer, and Company Secretary. Canton Property Investments Limited, Chief Financial Officer, and Company Secretary. Bachelor of Economics, with Accounting major, Macquarie University, Sydney, Australia. Member of the Australian Society of Certified Practising Accountants.	(Note 5)	-	-	-	

Title (Note 1)	Nationality	Name	Gender	Date Elected (Assuming Office)	Shareholding		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences (Note 2)	Concurrent positions in other companies now	Managerial officers with spouses or relatives with a second degree of kinship			Note (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage			Title	Name	Relation	
Marine Transportation Business operating officer	Republic of China	Chien-Wan Chuang	Male	August 12, 2014	21,800	0.003	0	0	0	0	FIRST STEAMSHIP COMPANY LIMITED, deputy general manager Keelung Maritime School	(Note 5)	-	-	-	
General Administration Division deputy general manager	Republic of China	Ruei-Da Lin	Male	June 15, 2018	0	0	0	0	0	0	Ubiquiti Networks Inc./ Senior Procurement Manager Foxlink Image Technology Co.,Ltd. /Procurement Manager Department of Japanese Language, Fu Jen University /Bachelor	Jia Wang Asset Development Co., Ltd./supervisor Taiwan Environmental Scientific Co., Ltd./ General manager and (Note 5)	-	-	-	
Accounting department senior manager (Accounting officer)	Republic of China	Tzu-Yuan Pei	Female	October 1, 2014	0	0	0	0	0	0	FIRST STEAMSHIP COMPANY LIMITED/ Accounting department manager Business Administration, National Chengchi University /master	(Note 5)	-	-	-	

Title (Note 1)	Nationality	Name	Gender	Date Elected (Assuming Office)	Shareholding		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences (Note 2)	Concurrent positions in other companies now	Managerial officers with spouses or relatives with a second degree of kinship			Note (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage			Title	Name	Relation	
Senior manager, board secretariat	Republic of China	Yen-Ling Lin	Female	February 2, 2018	0	0	0	0	0	0	FIRST STEAMSHIP COMPANY LIMITED/ Accounting department manager Golden Biotechnology Corporation/ Finance and accounting manager EVERVISION ELECTRONICS CO., LTD./ Finance department supervisor KYE Systems Corp./ Senior supervising administrator Information and Financial Management, National Taipei University of Technology/master	(Note 5)	-	-	-	
Investment division senior manager	Republic of China	Hui-Chi Lin	Male	March 1, 2021	0	0	0	0	0	0	FIRST STEAMSHIP COMPANY LIMITED/ investment division manager VOCAL MIDDLE COMMUNICATIONS CONSULTANTS INC.// co-founder IJOING, INC.// co-founder HOSS VENTURE INC./ analyst Ship And Ocean Industries R&D Center/ engineer Department of Engineering Science and Ocean Engineering of the National Taiwan University/ bachelor Department of Engineering Science and Ocean Engineering of the National Taiwan University/ master Chartered Financial Analyst(CFA)/ License No. 152046	(Note 5)	-	-	-	

Title (Note 1)	Nationality	Name	Gender	Date Elected (Assuming Office)	Shareholding		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences (Note 2)	Concurrent positions in other companies now	Managerial officers with spouses or relatives with a second degree of kinship			Note (Note 3)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding percentage			Title	Name	Relation	
Treasury department senior manager	Republic of China	Ko-Hua Chu	Male	April 1, 2021	0	0	0	0	0	0	FIRST STEAMSHIP COMPANY LIMITED/treasury department manager Department of Economics, Tianjin Nankai University/master	None	-	-	-	
Corporate governance senior manager (Newly appointed)	Republic of China	Hsin-Kai Kung	Male	May 16, 2022	0	0	0	0	0	0	Xinkai Joint Accounting Firm, CPA and president Xinkai Joint Accounting Firm, partner CPA and president Department of Accounting, TAMKANG UNIVERSITY Tiffin University MBA	Xinkai Joint Accounting Firm, CPA and president CASTLES TECHNOLOGY CO., LTD. independent director, member of audit committee, member of remuneration committee SIM Card Consulting Limited/ Chairman Taiwan Environmental Scientific Co., Ltd. / chief financial officer and spokesperson	-	-	-	

Note 1: Information on general manager, deputy general manager, senior manager, department and branch heads, and anyone whose position is equivalent to that of the general manager, deputy general manager or senior manager, regardless of title, should also be disclosed.

Note 2: For experience related to the current position, if ever worked for the CPA firm or its affiliated companies during the period mentioned in the preceding paragraph, the title of the position and the duties performed should be specified.

Note 3: If the chairperson and the general managers or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within the first degree of kinship, the reason, rationality, necessity, corresponding measures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be disclosed: No such situation.

Note 4: Since June 24, 2016, Mr. Jen-Hao Kuo took over as general manager and has dedicated to the reorganization and transformation of the Company; then took over concurrently as chairperson and general manager on December 19, 2017, and delivered a good result by the end of 2017, turning the Company's continuous losses to profits. In order to continue to strengthen and implement group integration and resource consolidation, it is still necessary at this stage to have a high degree of mastery over the Company's operations, business strategies, risk controls as well as over the overall industry dynamics so that the Company can take operational countermeasures and make target adjustments at critical moments. In addition, only 3 of the 7 board members are employees. More than half of the board members are outside directors (including independent directors), so the board remains objective in its decision-making. The Company expects to add an independent director if the chairperson and general manager is still the same person when the board directors are fully re-elected in 2023 at the latest, in order to strengthen the independence of the Board of Directors and comply with regulations.

Note 5: Please refer to Eight. Special Matters of this annual report for i.(ii).3. Directors, supervisors and general managers of affiliates

(VI) Remuneration for directors (including independent directors), general managers and deputy general managers for the last year

1. Remuneration for directors (including independent directors) Unit: Thousand NT$

Title	Name	Remuneration for directors								A, B, C and D as a % of the net profits after-tax (Note 10)		Remuneration for employees with concurrent positions in the Company and other companie								A, B, C, D, E, F and G as a % of the net profits after-tax (Note 10)		Remuneration from reinvested enterprises other than subsidiaries or the parent company (Note 11)
		Base remuneration (A) (Note 2)		Severance and pension (B)		Remuneration for directors (C) (Note 3)		Business execution expenses (D) (Note 4)				Remuneration, bonus, special allowance (E) (Note 5)		Severance and pension (I		Remuneration for employees (G) (Note 6)						
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies within the financial statements	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company		All companies in the financial statements (Note 7)		The Company	All companies within the financial statements	
																Cash amount	Stock amount	Amount in cash	Stock amount			
Chairman	Jen-Hao Kuo	2,400	3,617							39.76%	59.93%	10,608	42,985	216	216					219.12%	775.77%	804
Director	Qing-Hai Ng																					
Director	Chien-Wan Chuang																					
Director	Dennis Wai-Tak Yau																					
Independent director	Tseng-Ping Chao	1,737	1,737							28.78%	28.78%									28.78%	28.78%	
Independent director	Jung-Tsung Yang (Note 14)																					
Independent director	Hsin-Kai Kung (Note 15)																					
Independent director	Ping-Sum Lui (Note 16)																					

I. Please describe the policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors:
The Board of Directors shall determine the fixed monthly remuneration in accordance with the Company's Article of Incorporation, concerning the usual pay level in the industry. The remuneration for independent directors reflects their authority and responsibility and should be reasonable in light of the Company's industry characteristics and scale of operations.

II. Except as disclosed above, the remuneration for the Company directors for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the last year: None.

Table of remuneration ranges

Remuneration ranges for the Company directors	Name of director			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial statements (Note 9) H	The Company (Note 8)	All companies in the financial statements (Note 9) I
Less than NT$1,000,000	Tseng-Ping Chao, Jung-Tsung Yang, Hsin-Kai Kung, Ping-Sum Lui, Chien-Wan Chuang, Qing-Hai Ng, Dennis Wai-Tak Yau	Tseng-Ping Chao, Jung-Tsung Yang, Hsin-Kai Kung, Ping-Sum Lui, Chien-Wan Chuang, Dennis Wai-Tak Yau	Tseng-Ping Chao, Jung-Tsung Yang, Hsin-Kai Kung, Ping-Sum Lui, Qing-Hai Ng,	Tseng-Ping Chao, Jung-Tsung Yang, Hsin-Kai Kung, Ping-Sum Lui
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Jen-Hao Kuo	Qing-Hai Ng		
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)		Jen-Hao Kuo		
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)			Dennis Wai-Tak Yau, Chien-Wan Chuang	
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)			Jen-Hao Kuo	Qing-Hai Ng, Chien-Wan Chuang
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)				Jen-Hao Kuo, Dennis Wai-Tak Yau
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-	-	-
More than NT$100,000,000	-	-	-	-
Total	8people	8 people	8 people	8 people

Note 1: The names of directors should be listed separately (the names of juristic-person shareholders and their representatives should be listed separately) The regular directors and independent directors should be listed separately, and the amount of each payment should be disclosed in summary format.

Note 2: This refers to the remuneration for directors in the last year (including salaries, duty allowance, severance, various bonuses and incentive payments, etc.)

Note 3: This is the amount in remuneration for directors approved by the Board of Directors in the last year.

Note 4: This refers to directors' business execution expenses in the last year (including transportation fee, special allowance, various stipends, dormitory, company car, etc.) The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other means of transportation or personal expenditures are provided. In addition, if a driver is provided, please Note the relevant compensation paid by the Company to the driver, but do not include it in the remuneration for directors.

Note 5: This refers to the salary, duty allowance, severance, various bonuses, incentive payments, transportation fee, special allowance, various stipends, dormitory, company car and other provisions, etc., received by a director who is concurrently serving as an employee (including part-time general manager, deputy general manager, other officers and employees) in the last year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other means of transportation or personal expenditures are provided. In addition, if a driver is provided, please Note the relevant compensation paid by the Company to the driver, but do not include it in the remuneration for directors. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including employee stock options, employee restricted stock and employee subscription for shares upon cash capital increase, should also be included in the remuneration.

Note 6: The amount of employee remuneration (including stock and cash) received by a director who is concurrently an employee (including part-time general manager, deputy general manager, other officers and employees) in the last year should be disclosed as approved by the Board of Directors in the last year, and if the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year, and should also be listed in Table 1-3.

Note 7: The total amount of remuneration paid to the Company directors by all companies in the consolidated statements (including the Company) should be disclosed.

Note 8: The total amount of remuneration paid by the Company to each director is disclosed with their names in the remuneration ranges in which their total amount of remuneration falls.

Note 9: The total amount of remuneration paid to each director of the Company by all companies in the consolidated statements (including the Company) should be disclosed with their names in the remuneration ranges in which their total amount of remuneration falls.

Note 10: The net profits after-tax refer to the net profits after-tax of the last year for standalone or unconsolidated financial statements.

Note 11: a. This column is for the amount of remuneration received by the Company directors from reinvested enterprises other than subsidiaries or the parent company (if none, please enter "none")

b. If a director of the Company receives remuneration from reinvested enterprises other than subsidiaries or the parent company, the remuneration received by the director of the Company from reinvested enterprises other than subsidiaries or from the parent company should be included in column I of the table of remuneration ranges. The name of the column should be changed to "parent company and all reinvested enterprises."

c. Remuneration refers to the compensation or payment (including remuneration to employees, directors and supervisors) and business execution expenses of the Company directors in their capacity as directors, supervisors or officers of a reinvested enterprise other than a subsidiary or the parent company.

Note 12: This is the amount in remuneration for directors approved by the Board of Directors in the last year.

Note 13: The amount of employee remuneration (including stock and cash) received by a director who is concurrently an employee (including part-time general manager, deputy general manager, other officers and employees) in the last year should be disclosed as approved by the Board of Directors in the last year, and if the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year.

Note 14: On 2020.6.18, newly elected as an independent director for the current term; all other director representatives and independent directors (excluding Mr. Bing-Sen Lei) were renewed.

Note 15: Independent director Hsin-Kai Kung resigned on May 16, 2022.

Note 16: Mr. Bing-Sen Lei was elected in the by-election at the Shareholders Meeting dated June 24, 2022 as independent director of the 21st Board of Directors and member of the Audit Committee, and appointed as a member of the 4th Remuneration Committee by the Board of Directors meeting dated August 12, 2022.

＊The remuneration disclosed in this table is different in concept from the income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure and not for tax return purposes.

2. Remuneration for supervisors: None (The Company established an audit committee to replace supervisors in accordance with the resolution of the shareholder meeting on June 21, 2017).

3. Remuneration for the general manager and deputy general manager

Unit: Thousand NT$

Title	Name	Salary (A) (Note 2)		Severance and pension (B)		Bonus and special allowance (C) (Note 3)		Amount of employee remuneration (D) (Note 4) (Note 10)				A, B, C and D as a % of the net profits after-tax (Note 8)		Remuneration from reinvested enterprises other than subsidiaries or the parent company (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies within the financial statements	
								Cash amount	Stock amount	Amount in cash	Stock amount			
General Manager	Jen-Hao Kuo	8,760	24,785	322	322	4,564	21,142					226.11%	766.34%	4,311
Chief financial officer and chief accounting officer	Dennis Wai-Tak Yau													
Marine Transportation Business operating officer	Chien-Wan Chuang													
General Administration Division deputy general manager	Ruei-Da Lin													

* Regardless of title, any position equivalent to that of a general manager or deputy general manager (e.g., president, chief executive officer, senior manager...etc.) shall be disclosed.

Table of remuneration ranges

Remuneration ranges for the general manager and deputy general manager of the Company	Name of the general manager or deputy general manager	
	The Company (Note 6)	All companies in the financial statements (Note 7) E
Less than NT$1,000,000		
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Dennis Wai-Tak Yau, Ruei-Da Lin	
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	Jen-Hao Kuo, Chien-Wan Chuang	
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)		Chien-Wan Chuang, Ruei-Da Lin
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)		Jen-Hao Kuo, Dennis Wai-Tak Yau
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-
More than NT$100,000,000	-	-
Total	4 people	4 people

Note 1: The names of the general manager and deputy general manager should be listed separately, and the amount of each payment shall be disclosed in a summary manner.

Note 2: This is for the salary, duty allowance and severance of the general manager and deputy general manager in the last year.

Note 3: This is for various bonuses, incentive payments, transportation fees, special expenses, various stipends, dormitories, company cars and other provisions for the general manager and deputy general manager in the last year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other means of transportation or personal expenditures are provided. In addition, if a driver is provided, please Note the relevant compensation paid by the Company to the driver, but do not include it in the remuneration for directors. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including employee stock options, employee restricted stock and employee subscription for shares upon cash capital increase, should also be included in the remuneration.

Note 4: The amount of employee remuneration (including stock and cash) received by the general manager and deputy general manager in the last year should be disclosed as approved by the Board of Directors, and if the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year, and should also be listed in Table 1-3.

Note 5: The total amount of remuneration paid to the general manager and deputy general manager of the Company by all companies in the consolidated statements (including the Company) should be disclosed.

Note 6: The total amount of remuneration paid by the Company to each general manager and deputy general manager is disclosed with their names in the remuneration ranges in which their total amount of remuneration falls.

Note 7: The total amount of remuneration paid to each general manager and deputy general manager of the Company by all companies in the consolidated statements (including the Company) should be disclosed with their names in the remuneration ranges in which their total amount of remuneration falls.

Note 8: The net profits after-tax refer to the net profits after-tax of the last year for standalone or unconsolidated financial statements.

Note 9: a. This column is for the amount of remuneration received by the general manager and deputy general manager of the Company from reinvested enterprises other than subsidiaries or the parent company (if none, please enter "none")

b. If a general manager or deputy general manager of the Company receives remuneration from reinvested enterprises other than subsidiaries or the parent company, the remuneration received by the general manager or deputy general manager of the Company from reinvested enterprises other than subsidiaries or from the parent company should be included in column I of the table of remuneration ranges. The name of the column should be changed to "parent company and all reinvested enterprises."

c. Remuneration refers to the compensation or payment (including remuneration to employees, directors and supervisors) and business execution expenses of the general manager or deputy general manager of the Company in their capacity as directors, supervisors or officers of a reinvested enterprise other than a subsidiary of the parent company.

Note 10: The amount of employee remuneration (including stock and cash) received by the general manager and deputy general manager in the last year should be disclosed as approved by the Board of Directors, and if the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year.

＊The remuneration disclosed in this table is different in concept from the income under the Income Tax Act. Therefore, the purpose of this table is for information disclosure and not for tax return purposes.

(VII) The name of the managerial officer in charge of the distribution of employee remuneration and the status of the distribution

December 31, 2022 Unit: Thousand NT$

	Title	Name	Stock amount	Cash amount	Total	Total amount as a % of the net profits after-tax (%)
Managerial officer	General Manager	Jen-Hao Kuo	0	0	0	0
	Chief financial officer and chief accounting officer	Dennis Wai-Tak Yau				
	Marine Transportation Business operating officer	Chien-Wan Chuang				
	General Administration Division deputy general manager	Ruei-Da Lin				
	Accounting officer (senior manager)	Tzu-Yuan Pei				
	Senior manager, board secretariat	Yen-Ling Lin				
	Investment division senior manager	Hui-Chi Lin				
	Treasury department senior manager	Ko-Hua Chu				
	Corporate governance senior manager (Assuming office on May 16, 2022)	Hsin-Kai Kung				

The amount of employee remuneration (including stock and cash) received by managerial officers in the last year should be disclosed as approved by the Board of Directors. If the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year. After tax, the net profits refer to the net profits after-tax of the last year for standalone or unconsolidated financial statements.

(VIII) Compare and describe the total remuneration paid to directors, supervisors, general managers, and deputy general managers and COO in the last 2 years by the Company and all companies in the standalone financial statements as a % of the net profits after-tax, and explain the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

Title	The Company		All companies in the financial statements	
	2021	2022	2021	2022
Director, general manager, chief operating officer and deputy general manager	11.1%	294.66%	32.1%	930.68%

(1) The remuneration for chairperson and directors is authorized to the Board of Directors to determine based on the extent of their participation in the Company's operations and the value of their contributions, and with reference to the usual standard in the industry in accordance with the Company’s Article of Incorporation.

(2) The remuneration for directors, salaries and bonuses for the general manager, chief operating officer and deputy general manager, and remuneration for employees need to be approved by the Board of Directors.

(3) The remuneration to directors, general manager, chief operating officer, and deputy general manager of the Company is reviewed by the Remuneration Committee based on job level and operating performance and then submitted to the Board of Directors for approval without future risk.

III. The Company's implementation of corporate governance

(I) The operations of the Board of Directors

The Board of Directors met 10 times(21st term) in the last year, and the attendance of directors and supervisors is as follows:

Title	Name	Number of times of attendance in person	Number of times of attendance by proxy	Attendance (presence) rate (%)	Remarks
Chairman	Yonghenghui Investment Limited (Representative: Jen-Hao Kuo)	6	4	60	Newly elected (Note 1) Re-election date: 2020.6.18
Director	Henghua Investment Co., Ltd. (Representative: Qing-Hai Ng)	9	1	90	Re-elected Re-election date: 2020.6.18
Director	Henghua Investment Co., Ltd. (Representative: Chien-Wan Chuang)	10	0	100	Re-elected (Note 2) Re-election date: 2020.6.18
Director	Xundong Investment Co., Ltd. (Representative: Dennis Wai-Tak Yau)	10	0	100	Re-elected Re-election date: 2020.6.18
Independent director	Tseng-Ping Chao	8	2	80	Re-elected Re-election date: 2020.6.18
Independent director	Hsin-Kai Kung	5	0	100	Re-elected Re-election date: 2020.6.18 Resigned on May 16, 2022.
Independent director	Jung-Tsung Yang	8	2	80	Newly elected (Note 3) Re-election date: 2020.6.18
Independent director	Ping-Sum Lui	5	0	100	Newly elected (Note 4) Re-election date: June 24, 2022

Note 1: Yonghenghui Investment limited was the newly appointed juristic-person director on 2020.6.18, represented by Mr. Jen-Hao Kuo.

Note 2: The representative of the last term appointed by the juristic-person director Xundong Investment Co., Ltd. and the representative of this term appointed by the juristic-person director Henghua Investment Co., Ltd.

Note 3: Newly elected on June 18, 2020, as an independent director for the current term.

Note 4: Independent director Mr. Hsin-Kai Kung resigned on May 16, 2022. Mr. Bing-Sen Lei was elected in the by-election at the Shareholders Meeting dated June 24, 2022 as independent director of the 21st Board of Directors and member of the Audit Committee, and appointed as a member of the 4th Remuneration Committee by the Board of Directors meeting dated August 12, 2022.

Other matters to be recorded:

I. If the operation of the Board of Directors is under any of the following circumstances, the date, term, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:

1. Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has an

Audit Committee, so the provisions of Article 14-3 are not applicable.

2. In addition to the previous matters, other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements: The Company had no such cases in 2022.

II. In the implementation of a director's recusal for being an interested party in a proposal, the director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated.

1. Date of board meeting: January 21, 2022

Proposal: The Company's plan to pay the year-end bonus to the managerial officers for 2021.

The names of directors: Mr. Jen-Hao Kuo, Mr. Dennis Wai-Tak Yau, Mr. Chien-Wan Chuang

Reason for recusal: Personal interest involved.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

2. Date of board meeting: February 25, 2022

Proposal: To lift the prohibition on the Company's managerial officers from competing for business.

Name of director: Mr. Jen-Hao Kuo

Reason for recusal: Personal interest involved.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

Proposal: Subsidiary First Steamship S.A.'s proposed lending of funds to GRAND OCEAN RETAIL GROUP LTD.

The names of directors: Mr. Jen-Hao Kuo, Mr. Qing-Hai Ng

Reason for recusal: The Company was not a 100% subsidiary and therefore was a personal interest.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

3. Date of board meeting: March 30, 2022

Proposal: To lift the prohibition on the Company's directors from competing for business.

Name of director: Mr. Jen-Hao Kuo

Reason for recusal: Personal interest involved.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

Proposal: Proposal on a medium-term construction loan in the amount of NT$289.5 million to be taken out by the subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD. from Taiwan Shin Kong Commercial Bank Co., Ltd., with the collateral provided by the Company.

The names of directors: Mr. Jen-Hao Kuo, Mr. Chien-Wan Chuang

Reason for recusal: The Company was not a 100% subsidiary and therefore was a personal interest.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

Proposal: the Company intended to lend funds to ROYAL SUNWAY DEVELOPMENT CO., LTD.

The names of directors: Mr. Jen-Hao Kuo, Mr. Chien-Wan Chuang
Reason for recusal: The Company was not a 100% subsidiary and therefore was a personal interest.
Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

4. Date of board meeting: April 22, 2022
   Proposal: Proposal to cooperate with the co-owner, Chengshi International Co., Ltd., the construction company, ROYAL SUNWAY DEVELOPMENT CO., LTD.. and the construction company, Chengshi Construction Development Co., Ltd. to develop the Company's lands of No. 55 and No. 55-1, Yongfu Section, Tucheng District, New Taipei City.
   The names of directors: Mr. Jen-Hao Kuo, Mr. Chien-Wan Chuang
   Reason for recusal: The Company was not a 100% subsidiary and therefore was a personal interest.
   Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.
   Proposal: Proposal for the Company's 55% owned subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD. to cooperate with Chengshi Construction Development Co., Ltd. and the co-owner, Chengshi International Co., Ltd. to develop the Company's lands of No. 55 and No. 55-1, Yongfu Section, Tucheng District, New Taipei City.
   The names of directors: Mr. Jen-Hao Kuo, Mr. Chien-Wan Chuang
   Reason for recusal: The Company was not a 100% subsidiary and therefore was a personal interest.
   Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.
5. Date of board meeting: May 13, 2022
   Proposal: To appoint the Company's corporate governance officer.
   Name of director: Mr. Hsin-Kai Kung
   Reason for recusal: Personal interest involved.
   Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.
   Proposal: To lift the prohibition on the Company's managerial officers from competing for business.
   Name of director: Mr. Hsin-Kai Kung
   Reason for recusal: Personal interest involved.
   Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.
6. Date of board meeting: June 24, 2022
   Proposal: Proposal on a medium-term loan in the amount of NT$482.5 million to be taken out by the subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD. from Taishin International Bank, Ltd., with the collateral provided by the Company.
   The names of directors: Mr. Jen-Hao Kuo, Mr. Chien-Wan Chuang
   Reason for recusal: The Company was not a 100% subsidiary and therefore was a personal interest.
   Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other

directors present passed it without objection.

7. Date of board meeting: August 12, 2022

Proposal: To formulate the list of successors of the Company's Remuneration Committee members.

Name of director: Mr. Ping-Sum Lui

Reason for recusal: Personal interest involved.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

Proposal: Subsidiary First Steamship S.A.'s proposed lending of funds to GRAND OCEAN RETAIL GROUP LTD.

The names of directors: Mr. Jen-Hao Kuo, Mr. Qing-Hai Ng

Reason for recusal: The Company was not a 100% subsidiary and therefore was a personal interest.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

Proposal: To sign a supplementary agreement with HONOR CONSTRUCTION Ltd. to extend the period of construction of the "Project on Residential Units Construction on Mingde Section of Tucheng District", in which the Company invested and which was delayed and experienced soaring costs due to the pandemic, by 306 days.

Name of director: Mr. Jung-Tsung Yang

Reason for recusal: Mr. Jung-Tsung Yang was an interested party because he was a legal advisor to HONOR CONSTRUCTION.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

8. Date of board meeting: October 14, 2022

Proposal: To sign an investment and management consulting agreement with the subsidiary Grand Ocean Retail Group Ltd.

The names of directors: Mr. Jen-Hao Kuo, Mr. Qing-Hai Ng, Mr. Ping-Sum Lui

Reason for recusal: Mr. Jen-Hao Kuo and Mr. Qing-Hai Ng were an interested party due to their relationship with G.O.R.G.L., a subsidiary not wholly owned; Mr. Ping-Sum Lui was an interested party due to his current position at the fund managed by ASM and his holding of Sandmartin's shares.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

Proposal: the Company intended to lend funds to ROYAL SUNWAY DEVELOPMENT CO., LTD.

The names of directors: Mr. Jen-Hao Kuo, Mr. Chien-Wan Chuang

Reason for recusal: The Company was not a 100% subsidiary and therefore was a personal interest.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

Proposal: Proposal to cooperate with the co-owner, Chengshi International Co., Ltd., the construction company, ROYAL SUNWAY DEVELOPMENT CO., LTD.. and the construction company, Chengshi Construction Development Co., Ltd. to develop the Company's land plots No. 55, No. 55-1, No. 70, No.73, and No.74 on Yongfu Section, Tucheng District, New Taipei City.

The names of directors: Mr. Jen-Hao Kuo, Mr. Chien-Wan Chuang, Mr. Jung-Tsung Yang.

Reason for recusal: Mr. Jen-Hao Kuo and Mr. Chien-Wan Chuang were an interested party due to their relationship with ROYAL SUNWAY DEVELOPMENT CO., LTD., a subsidiary not wholly owned. Mr. Jung-Tsung Yang was an interested party because he was a legal advisor to HONOR CONSTRUCTION.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

9. Date of board meeting: November 11, 2022

Proposal: Proposal to allow subsidiaries Heritage Riches Ltd. (B.V.I.) ("H.R.L." hereinafter) and Mariner Far East Ltd. (H.K.)("M.F.E.L." hereinafter) to transfer all of their holding of the shares of DA YU FINANCIAL HOLDINGS LIMITED ("DA YU" hereinafter) to the Company, and to allow the subsidiary First Mariner Holding Ltd. (B.V.I.)("F.M.H.L." hereinafter) to transfer all of its holding of the shares of Sandmartin International Holdings Limited ("Sandmartin" hereinafter) to the Company.

Name of director: Mr. Ping-Sum Lui

Reason for recusal: Mr. Ping-Sum Lui was an interested party due to his current position at the fund managed by ASM and his holding of Sandmartin's shares.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

Proposal: To instead appoint Shining Steamship International S.A. ("S.S.I.S.A." hereinafter) and Excellent Steamship International S.A. ("E.S.I.S.A." hereinafter), two 100% owned subsidiaries, to be directors.

The names of director: Mr. Dennis Wai-Tak Yau

Reason for recusal: Personal interest involved.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

10. Date of board meeting: December 15, 2022

Proposal: The monthly remuneration to directors, independent directors and audit committee members of the Company.

The names of directors: Mr. Jen-Hao Kuo, Mr. Dennis Wai-Tak Yau, Mr. Chien-Wan Chuang, Mr. Ching-Hai Huang, Mr. Tseng-Ping Chao, Mr. Jung-Tsung Yang, Mr. Ping-Sum Lui

Reason for recusal: Personal interest involved.

Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

Proposal: The periodic review of the remuneration of the Company's managerial officers.

The names of directors: Mr. Jen-Hao Kuo, Mr. Dennis Wai-Tak Yau, Mr. Chien-Wan Chuang, Mr. Qing-Hai Ng
Reason for recusal: Personal interest involved.
Participation in voting: Except for the directors who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other directors present passed it without objection.

III. TWSE/GTSM listed companies should disclose information on the frequency and period, scope, method and content of the self (or peer) evaluation of the Board of Directors.

Evaluation of the Board of Directors

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	November 1,	A. Board of	Internal	A. Board of Directors

	2021 to October 31, 2022 (Note 1)	Directors B. Individual board member C. Functional committee	self-evaluation of the board Self-evaluation of directors	1. The extent of participation in the Company's operations. 2. Improvement in the quality of the board's decision-making. 3. Composition and structure of the board. 4. Election and continuing education of directors. 5. Internal control B. Individual board member 1. Mastery of the Company's objectives and tasks. 2. Perception of the responsibilities of directors 3. The extent of participation in the Company's operations. 4. Internal relationship management and communication. 5. Professionalism and continuing education of directors. 6. Internal control C. Functional committee 1. The extent of participation in the Company's operations. 2. Perception of the responsibilities of the functional committee 3. Improvement in the quality of the committee's decision-making. 4. Composition and appointment of the committee members 5. Internal control

Note 1: The Company expects the next performance evaluation period for the Board of Directors, individual board members, and functional committees to be:
November 1, 2022 to October 31, 2023

IV. The objectives of strengthening the functions of the Board of Directors in the current and the last year (such as establishing an audit committee, improving information transparency, etc.) and evaluation of the implementation:

(I) 1. In order to implement corporate governance and enhance the efficacy of the Board of Directors and functional committees, and establish performance targets to strengthen the operational efficiency of the Board of Directors and functional committees, the Company established the Board of Directors' performance evaluation measures on November 13, 2019 and made the 1st revision in accordance with the regulation on November 15, 2021.

2. The Company intends to complete the evaluation and report the results to the Board of Directors by the end of the fourth quarter of each year and complete the reporting process.

3. In 2019, the Company voluntarily advanced the implementation with the first performance evaluation of the Board of Directors for the period from November 1, 2018 to October 31, 2019; the second implementation was in 2020, for the period from November 1, 2019 to October 31, 2020 with superior evaluation results; the third implementation was in 2021 for the period from November 1, 2020 to October 31, 2021. The fourth implementation was in 2022 for the period from November 1, 2021 to

October 31, 2022, with a superior evaluation rating. The implementation result was reported to the Board of Directors on November 11, 2022, and was posted to the operating system designated by TWSE to file the board's performance evaluation. Relevant information is also disclosed on the Company's official website for reference.

(II) Maintain operational transparency, protect shareholder rights, and proactively disclose important board resolutions on the company website.

(III) The Company maintains information transparency and publishes important board resolutions on the Market Observation Post System or the Company's website for investors to inquire. It holds corporate briefings and earnings calls at least once a year for investors to obtain information about the Company and increase their recognition of the Company. A corporate briefing was held on December 2, 2022.

V. The term of office of the 21st Board of Directors is from 2020.6.18 to 2023.6.17, and the total number of meetings in 2022 was 10.

(III) Audit Committee annual work priorities and operations

The Audit Committee appointed independent directors, Mr. Tseng-Ping Chao, Mr. Hsin-Kai Kung and Mr. Man-Sheng Huang as members of the first Audit Committee of the Company for the period from June 21, 2017 to June 20, 2020, which is the same as the expiration date of their appointments for the Board of Directors, and the original independent director, Mr. Jui-Chun Yu, resigned due to personal factors before the shareholders' meeting by-election on June 29, 2018. The newly appointed independent director, Mr. Man-Sheng Huang, succeeded him in the by-election of the shareholders' meeting held on June 29, 2018, and Mr. Tseng-Ping Chao was elected from among all members as the convener and chair of the meeting.

The Audit Committee appointed independent directors, Mr. Tseng-Ping Chao, Mr. Jung-Tsung Yang and Mr. Ping-Sum Lui as members of the second Audit Committee of the Company for the period from June 18, 2020 to June 17, 2023, which is the same as the expiration date of their appointments for the Board of Directors, and the original independent director, Mr. Hsin-Kai Kung, resigned due to personal factors before the shareholders' meeting by-election on May 16, 2022. The newly appointed independent director, Mr. Ping-Sum Lui succeeded him in the by-election of the shareholders' meeting held on June 24, 2022, and Mr. Tseng-Ping Chao was elected from among all members as the convener and chair of the meeting.

The annual work priorities of the Audit Committee are the review of financial statements, the assessment of the effectiveness of the internal control system, the selection (dismissal) and independence and performance of attesting CPAs, the Company's compliance with relevant laws and regulations, the control of existing or potential risks of the Company, the appointment and removal of the officers of finance, accounting or internal audit, and the review of related business as stipulated in Article 14-1 of the Securities and Exchange Act, Article 14-5 of the Securities and Exchange Act and to make recommendations to the Board of Directors for its decision making.

The Audit Committee met 10 times (the 2nd term) in the last year, and the attendance of independent directors is as follows:

Title	Name	Number of times of attendance in person	Number of times of attendance by proxy	% of attendances in person	Note
Convener	Tseng-Ping Chao	9	1	90	Re-elected Re-election date: 2020.6.18 (Members elect from among themselves)
Member	Hsin-Kai Kung	5	0	100	Re-elected Re-election date: 2020.6.18 Resigned on May 16, 2022.
Member	Jung-Tsung Yang	8	2	80	Newly appointed Re-election date: 2020.6.18
Member	Ping-Sum Lui	5	0	100	Re-elected By-election date: June 24, 2022 (Note)

(Note): Independent director Mr. Hsin-Kai Kung resigned on May 16, 2022. Mr. Ping-Sum Lui was elected in the by-election at the Shareholders Meeting dated June 24, 2022 as independent director of the 21st Board of Directors and member of the Audit Committee, and appointed as a member of the 4th Remuneration Committee by the Board of Directors meeting dated August 12, 2022.

Other matters to be recorded:

I. If the operation of the Audit Committee is under any of the following circumstances, the date, term, proposal content of the meetings of the Audit Committee, resolution of the Audit Committee, the objections, reservations or major recommendations of the independent directors, the results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's opinions should be described:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date of Audit Committee meeting	Meeting Session	Item order	Important resolution	The objections, reservations or major recommendations of the independent directors	Resolution of the Audit Committee	The Company's handling of the Audit Committee's opinions
2022/1/21	2nd term 19th session	1	Reported on the execution of internal audit work in December 2021.	None	Approved as proposed with no objection from any members present	Not applicable
		2	Reported on the execution of the Company's corporate governance.	None	Approved as proposed with no objection from any members present	Not applicable
		3	Reported on the 2021 promotion of the Company's ethical corporate management	None	Approved as proposed with no objection from any members present	Not applicable

		4	Approved the appointment of supervisors of Youcheng Financial Leasing Co., Ltd., a 100% owned subsidiary.	None	Approved as proposed with no objection from any members present	Not applicable
		5	Approved the independent judgment on the 2021 attesting CPAs in compliance with the competent authorities	None	Approved as proposed with no objection from any members present	Not applicable
		6	Approved the Company's plan to apply for a renewal (addition) of short-term loan line from Hua Nan Commercial Bank.	None	Approved as proposed with no objection from any members present	Not applicable
		7	Approved the subsidiary, First Steamship S.A.'s plan to apply for a new medium-term loan of US$4 million from Shanghai Commercial and Savings Bank, with the Company acting as a joint guarantor.	None	Approved as proposed with no objection from any members present	Not applicable
		8	Approved the proposed lending of funds to GRAND OCEAN RETAIL GROUP LTD. through the subsidiary First Steamship S.A.	None	Approved as proposed with no objection from any members present	Not applicable
2022/2/25	2nd term 20th session	1	Reported on the execution of internal audit work in January 2022	None	Approved as proposed with no objection from any members present	Not applicable
		2	Approved the amendments to the "Internal Control System", "Internal Audit Enforcement Rules", "Management Measures for the Authorization of Duties and Acting Persons", "Management Measures on the Use of Seal" and "Property Management Measures" of the Company.	None	Approved as proposed with no objection from any members present	Not applicable
		3	Approved the Company's 2021 "Statement of Internal Control Systems"	None	Approved as proposed with no objection from any members present	Not applicable
		4	Approved the sale of all the shares of Morgan Finance Limited to the investee Da Yu Financial Holdings Limited through the subsidiary First Mariner Capital Limited	None	Approved as proposed with no objection from any members present	Not applicable
		5	Approved the appointment of the finance officer of the subsidiary Youcheng Financial Leasing Co., Ltd.	None	Approved as proposed with no objection from any members present	Not applicable
		6	Approved the change of the Company's acting spokesperson	None	Approved as proposed with no objection from any members present	Not applicable
		7	Approved the proposed lending of funds to GRAND OCEAN RETAIL GROUP LTD. through the subsidiary First Steamship S.A.	None	Approved as proposed with no objection from any members present	Not applicable

2022/3/30	2nd term 21st session	1	Reported that the Company and its subsidiaries (excluding Grand Ocean Retail Group Limited and its subsidiaries) have adopted International Financial Reporting Standards (IFRS's) endorsed by the Financial Supervisory Commission to prepare consolidated financial statements since 2021.	None	Approved as proposed with no objection from any members present	Not applicable
		2	Reported on the status of new funds lending and endorsements from January to December 2021.	None	Approved as proposed with no objection from any members present	Not applicable
		3	Reported on the execution of internal audit work in February 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		4	Approved the amendment to certain provisions of the Company's "Procedures for Acquisition or Disposal of Assets"	None	Approved as proposed with no objection from any members present	Not applicable
		5	Approved the Company's plan to renew its line of credit from the Bank of Taiwan.	None	Approved as proposed with no objection from any members present	Not applicable
		6	Passed the amendments to certain provisions of the Company's "Article of Incorporation".	None	Approved as proposed with no objection from any members present	Not applicable
		7	Passed the amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meetings".	None	Approved as proposed with no objection from any members present	Not applicable
		8	Passed the proposal to scrap the Company's original "Corporate Governance Best Practice Principles" and formulate a new one.	None	Approved as proposed with no objection from any members present	Not applicable
		9	Passed the amendments to certain provisions of the Company's "Sustainable Development Best Practice Principles".	None	Approved as proposed with no objection from any members present	Not applicable
		10	Approved the Company's 2021 Business Report and Consolidated Financial Statements.	None	Approved as proposed with no objection from any members present	Not applicable
		11	Approved the proposal of the remuneration for employees and Company directors for 2021.	None	Approved as proposed with no objection from any members present	Not applicable
		12	Approved the Company's 2021 profit or loss make-up proposal.	None	Approved as proposed with no objection from any members present	Not applicable
		13	Passed the proposal to lift the prohibition on the Company's directors from competing for business.	None	Approved as proposed with no objection from any members present	Not applicable

		14	Passed the Proposal on a medium-term construction loan in the amount of NT$289.5 million to be taken out by the subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD. from Taiwan Shin Kong Commercial Bank Co., Ltd., with the collateral provided by the Company.	None	Approved as proposed with no objection from any members present	Not applicable
		15	Approved the Company's plan to lend funds to ROYAL SUNWAY DEVELOPMENT CO., LTD.	None	Approved as proposed with no objection from any members present	Not applicable
2022/4/22	2nd term 22nd session	1	Reported on the execution of internal audit work in March 2022	None	Approved as proposed with no objection from any members present	Not applicable
		2	Passed the proposal on removal of restrictions on directors' competition for business	None	Approved as proposed with no objection from any members present	Not applicable
		3	Approved the Company's plan to renew its short-term loan line of NT$50 million from First Commercial Bank	None	Approved as proposed with no objection from any members present	Not applicable
		4	Passed the proposal to approve the subsidiary First Steamship S.A.'s plan to renew its short-term loan line of US$1.7 million from First Bank, Ltd., with the Company acting as a joint guarantor.	None	Approved as proposed with no objection from any members present	Not applicable
		5	Passed the proposal to approve the application filed by Youcheng Financial Leasing Co., Ltd. for lowering the interest rate on the loan borrowed from the subsidiary First Steamship S.A.	None	Approved as proposed with no objection from any members present	Not applicable
		6	Passed the proposal on the subsidiary GRAND OCEAN RETAIL GROUP's plan to apply for a loan line from Hua Nan Commercial Bank Ltd. with a LETTER OF SUPPORT issued by the Company.	None	Approved as proposed with no objection from any members present	Not applicable
		7	Passed the proposal to cooperate with the co-owner, Chengshi International Co., Ltd., the construction company, ROYAL SUNWAY DEVELOPMENT CO., LTD.. and the construction company, Chengshi Construction Development Co., Ltd. to develop the Company's lands of No. 55 and No. 55-1, Yongfu Section, Tucheng District, New Taipei City.	None	Approved as proposed with no objection from any members present	Not applicable
		8	Passed the proposal for the Company's 55% owned subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD. to cooperate with Chengshi Construction Development Co., Ltd. and the co-owner, Chengshi International Co., Ltd. to develop the Company's lands of No. 55 and No. 55-1, Yongfu Section, Tucheng District, New Taipei City.	None	Approved as proposed with no objection from any members present	Not applicable
2022/5/13	2nd term 23rd session	1	Reported on the status of new funds lending and endorsements from January to March 2022.	None	Approved as proposed with no objection from any members	Not applicable

					present	
		2	Report on the Company's performance in the 2021 Corporate Governance Evaluation.	None	Approved as proposed with no objection from any members present	Not applicable
		3	Passed the proposal on the Company's consolidated financial statements for the first quarter of 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		4	Passed the proposal to appoint the Company's corporate governance officer.	None	Approved as proposed with no objection from any members present	Not applicable
2022/6/24	2nd term 24th session	1	Reported on the execution of internal audit work in April and May 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		2	Reported on the completion of compilation of the 2021 corporate sustainability report.	None	Approved as proposed with no objection from any members present	Not applicable
		3	Adopted the resolution to allow Sure Success Steamship S.A., the Company's sub-subsidiary, to lease out MV EVER SUCCESS to Perfect Bulk Limited, a shipping company.	None	Approved as proposed with no objection from any members present	Not applicable
		4	Passed the proposal to set the Company's schedule for GHG emission inventory and verification.	None	Approved as proposed with no objection from any members present	Not applicable
		5	Passed the proposal to approved the Company's plan to apply for a renewal (addition) of medium-term loan line from Entie Commercial Bank, Ltd.	None	Approved as proposed with no objection from any members present	Not applicable
		6	Approved the subsidiary Youcheng Financial Leasing Co., Ltd.'s plan to apply for a loan line from Sunny Bank Ltd., with the Company acting as a joint guarantor.	None	Approved as proposed with no objection from any members present	Not applicable
		7	Approved the proposal for the Company to lend funds to First Mariner Holding Ltd.	None	Approved as proposed with no objection from any members present	Not applicable
		8	Approved the proposal to allow the subsidiary First Steamship S.A. to renew its loan to Media Assets Global Ltd.	None	Approved as proposed with no objection from any members present	Not applicable
		9	Approved the proposal to allow the subsidiary Nature Sources Ltd. to renew its loan to First Steamship S.A.	None	Approved as proposed with no objection from any members present	Not applicable
		10	Passed the proposal on a medium-term loan in the amount of NT$482.5 million to be taken out by the subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD. from Taishin International Bank, Ltd., with the collateral provided by the Company.	None	Approved as proposed with no objection from any members present	Not applicable

2022/8/12	2nd term 25th session	1	Reported on the status of new funds lending and endorsements from April to June 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		2	Reported on the cancellation of the following credit of lending of funds and endorsements and guarantees to streamline the Group's lending of funds and endorsements and guarantees.	None	Approved as proposed with no objection from any members present	Not applicable
		3	Reported on the execution of internal audit work in June 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		4	Approved the plan to amend certain provisions of the "Procedures for Acquisition or Disposal of Assets," of the Company's 100%, directly and indirectly, owned subsidiaries.	None	Approved as proposed with no objection from any members present	Not applicable
		5	Passed the proposal on the Company's consolidated financial statements for the second quarter of 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		6	Passed the proposal to approved the Company's plan to apply for a renewal (addition) of short-term loan line from Mega International Commercial Bank.	None	Approved as proposed with no objection from any members present	Not applicable
		7	Passed the proposal to approved the Company's plan to apply for a renewal (addition) of short-term loan line from Bank of Panhsin.	None	Approved as proposed with no objection from any members present	Not applicable
		8	Approved the proposed lending of funds to GRAND OCEAN RETAIL GROUP LTD. through the subsidiary FIRST STEAMSHIP S.A.	None	Approved as proposed with no objection from any members present	Not applicable
		9	Passed the proposal to sign a supplementary agreement with HONOR CONSTRUCTION Ltd. to extend the period of construction of the "Project on Residential Units Construction on Mingde Section of Tucheng District", in which the Company invested and which was delayed and experienced soaring costs due to the pandemic, by 306 days.	None	Approved as proposed with no objection from any members present	Not applicable
2022/10/14	2nd term 26th session	1	Reported on the execution of internal audit work in July and August 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		2	Reported on the Company's progress in GHG emissions inventory and verification.	None	Approved as proposed with no objection from any members present	Not applicable
		3	Approved the proposed amendments to certain provisions of the "Management Measures for the Authorization of Duties and Acting Persons" of the Company	None	Approved as proposed with no objection from any members present	Not applicable
		4	Passed the proposal to sign an investment and management consulting agreement with the subsidiary Grand Ocean Retail Group Ltd.	None	Approved as proposed with no objection from any members present	Not applicable

		5	Passed the proposal to renew the endorsement and grantee credit provided by the Company for the subsidiary PRAISE MARITIME S.A. (from 7 years to 10 years)	None	Approved as proposed with no objection from any members present	Not applicable
		6	Approved the Company's plan to lend funds to ROYAL SUNWAY DEVELOPMENT CO., LTD.	None	Approved as proposed with no objection from any members present	Not applicable
		7	Passed the proposal to cooperate with the co-owner, Chengshi International Co., Ltd., the construction company, ROYAL SUNWAY DEVELOPMENT CO., LTD.. and the construction company, Chengshi Construction Development Co., Ltd. to develop the Company's land plots No. 55, No. 55-1, No. 70, No.73, and No.74 on Yongfu Section, Tucheng District, New Taipei City.	None	Approved as proposed with no objection from any members present	Not applicable
2022/11/11	2nd term 27th session	1	Reported on the status of new funds lending and endorsements from July to September 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		2	Reported on the execution of internal audit work in September 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		3	Reported on the performance evaluation and implementation results of the operations of the Board of Directors from November 2021 to October 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		4	Approved the Company's 2023 annual audit plan by internal audit.	None	Approved as proposed with no objection from any members present	Not applicable
		5	Passed the proposal on the amendment to certain provisions of the "Procedures for Lending Funds to Others" of Youcheng Financial Leasing Co., Ltd., a subsidiary.	None	Approved as proposed with no objection from any members present	Not applicable
		6	Approved the audit fee proposal for 2022 attesting CPAs.	None	Approved as proposed with no objection from any members present	Not applicable
		7	Passed the proposal on the Company's consolidated financial statements for the third quarter of 2022.	None	Approved as proposed with no objection from any members present	Not applicable
		8	Approved the renewal of the Company's NT$200 million medium-term loan line from KGI Bank.	None	Approved as proposed with no objection from any members present	Not applicable
		9	Approved the proposal to reduce the capital of the subsidiary First Steamship S.A. ("F.S.A." hereinafter).	None	Approved as proposed with no objection from any members present	Not applicable
		10	Approved the proposal to allow the Company to open and maintain a securities trading account with Morton Securities Limited.	None	Approved as proposed with no objection from any members present	Not applicable

		11	Passed the proposal to allow subsidiaries Heritage Riches Ltd. (B.V.I.)(“H.R.L.” hereinafter) and Mariner Far East Ltd. (H.K.)(“M.F.E.L.” hereinafter) to transfer all of their holding of the shares of DA YU FINANCIAL HOLDINGS LIMITED (“DA YU” hereinafter) to the Company, and to allow the subsidiary First Mariner Holding Ltd. (B.V.I.)(“F.M.H.L.” hereinafter) to transfer all of its holding of the shares of Sandmartin International Holdings Limited (“Sandmartin” hereinafter) to the Company.	None	Approved as proposed with no objection from any members present	Not applicable
		12	Passed the proposal to have the subsidiary Youcheng Financial Leasing Co., Ltd. (“Youcheng” hereinafter), whose loaning of funds has exceeded the cap, propose a remedy plan, modify its Procedures for Lending to Others, and refrain from engaging in loaning of funds before the completion of the remedy plan.	None	Approved as proposed with no objection from any members present	Not applicable
		13	Passed the proposal to instead appoint Shining Steamship International S.A. (“S.S.I.S.A.” hereinafter) and Excellent Steamship International S.A. (“E.S.I.S.A.” hereinafter), two 100% owned subsidiaries, to be directors.	None	Approved as proposed with no objection from any members present	Not applicable
2022/12/15	2nd term 28th session	1	Reported on the execution of internal audit work in October 2022	None	Approved as proposed with no objection from any members present	Not applicable
		2	Reported on the Company’s progress in GHG emissions inventory and verification.	None	Approved as proposed with no objection from any members present	Not applicable
		3	Reported on the Company's liability insurance coverage for directors, supervisors and key employees.	None	Approved as proposed with no objection from any members present	Not applicable
		4	Passed the proposal to amend the Company’s “Internal Control System - Other Management Systems” and “Internal Control Implementation Rules - Other Management System” and formulate its “Procedures for Handling Material Inside Information”.	None	Approved as proposed with no objection from any members present	Not applicable
		5	Passed the proposal to reduce the capital of the subsidiary First Steamship S.A. (PANAMA) (“F.S.A.” hereinafter).	None	Approved as proposed with no objection from any members present	Not applicable
		6	Passed the proposal to intensify the measuring for monitoring and managing the subsidiary Youcheng Financial Leasing Co., Ltd.	None	Approved as proposed with no objection from any members present	Not applicable

		7	Passed the proposal to allow the Company to pledge its USD time deposits with King's Town Bank for a short-term loan of NT$125 million (Jing-Mei-Li 13 PRO Project)	None	Approved as proposed with no objection from any members present	Not applicable
		8	Approved the subsidiary, First Steamship S.A.'s plan to take out a short-term loan line of US$8 million from Entie Commercial Bank, Ltd., with the Company acting as a joint guarantor.	None	Approved as proposed with no objection from any members present	Not applicable
		9	Approved the Company's operating budget for 2023	None	Approved as proposed with no objection from any members present	Not applicable
		10	Passed the proposal to set up the "Nomination Committee" and formulate the "Nomination Committee Charter".	None	Approved as proposed with no objection from any members present	Not applicable
		11	Passed the Company's proposal to appoint members of the Nomination Committee.	None	Approved as proposed with no objection from any members present	Not applicable

(II) In addition to the previous matters, other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors: None.

II. In the implementation of an independent director's recusal for being an interested party in a proposal, the director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated:

1. Date of the Audit Committee meeting: May 13, 2022

Proposal: To appoint the Company's corporate governance officer.

Name of independent director: Mr. Hsin-Kai Kung

Reason for recusal: Personal interest involved.

Participation in voting: Except for the members who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other members present passed it without objection.

Proposal: To lift the prohibition on the Company's managerial officers from competing for business.

Name of independent director: Mr. Hsin-Kai Kung

Reason for recusal: Personal interest involved.

Participation in voting: Except for the members who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other members present passed it without objection.

2. Date of the Audit Committee meeting: August 12, 2022

Proposal: To formulate the list of successors of the Company's Remuneration Committee members.

Name of independent director: Mr. Ping-Sum Lui

Reason for recusal: Personal interest involved.

Participation in voting: Except for the members who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other members present passed it without objection.

Proposal: To sign a supplementary agreement with HONOR CONSTRUCTION Ltd. to extend the period of construction of the "Project on Residential Units Construction on Mingde Section of Tucheng District", in which the Company invested and which was delayed and experienced soaring costs due to the pandemic, by 306 days.

Name of independent director: Mr. Jung-Tsung Yang

Reason for recusal: Mr. Jung-Tsung Yang was an interested party because he was a legal advisor to HONOR CONSTRUCTION.

Participation in voting: Except for the members who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other members present passed it without objection.

3. Date of the Audit Committee meeting: October 14, 2022

Proposal: To sign an investment and management consulting agreement with the subsidiary Grand Ocean Retail Group Ltd.

Name of independent director: Mr. Ping-Sum Lui

Reason for recusal: Mr. Ping-Sum Lui was an interested party due to his current position at the fund managed by ASM and his holding of Sandmartin's shares.

Participation in voting: Except for the members who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other members present passed it without objection.

Proposal: Proposal to cooperate with the co-owner, Chengshi International Co., Ltd., the construction company, ROYAL SUNWAY DEVELOPMENT CO., LTD.. and the construction company, Chengshi Construction Development Co., Ltd. to develop the Company's land plots No. 55, No. 55-1, No. 70, No.73, and No.74 on Yongfu Section, Tucheng District, New Taipei City.

Name of independent director: Mr. Jung-Tsung Yang

Reason for recusal: Mr. Jung-Tsung Yang was an interested party because he was a legal advisor to HONOR CONSTRUCTION.

Participation in voting: Except for the members who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other members present passed it without objection.

4. Date of the Audit Committee meeting: November 11, 2022

Proposal: Proposal to allow subsidiaries Heritage Riches Ltd. (B.V.I.)("H.R.L." hereinafter) and Mariner Far East Ltd. (H.K.)("M.F.E.L." hereinafter) to transfer all of their holding of the shares of DA YU FINANCIAL HOLDINGS LIMITED ("DA YU" hereinafter) to the Company, and to allow the subsidiary First Mariner Holding Ltd. (B.V.I.)("F.M.H.L." hereinafter) to transfer all of its holding of the shares of Sandmartin International Holdings Limited ("Sandmartin" hereinafter) to the Company.

Name of independent director: Mr. Ping-Sum Lui

Reason for recusal: Mr. Ping-Sum Lui was an interested party due to his current position at the fund managed by ASM and his holding of Sandmartin's shares.

Participation in voting: Except for the members who recused themselves from the meeting in accordance with law and did not participate in the discussion and voting, the other members present passed it without objection.

III. Communication between independent directors, internal audit officer and CPA (major matters, methods and results of communication on the Company's financial and business conditions, etc. should be included): The internal audit officer of the Company is required to attend the Audit Committee meetings to communicate with the committee members. At least once a year, the Company's internal auditors will meet separately with the independent directors to explain and discuss the priorities of the Company's internal control audits, and CPAs will communicate with the independent directors regarding the audit of financial statements, so that the independent directors can have a fuller understanding of the Company's governance and financial status.

Records of communication between independent directors and internal audit officer				
Audit Committee meeting/ term	Date	Item order	Important resolution	Implementation status
2nd term 19th session	2022/1/21	1	Reported on the execution of internal audit work in December 2021.	Approved as proposed without objection.
2nd term 20th session	2022/2/25	1	Reported on the execution of internal audit work in January 2022	Approved as proposed without objection.
		2	Approved the amendments to the “Internal Control System”, “Internal Audit Enforcement Rules”, “Management Measures for the Authorization of Duties and Acting Persons”, “Management Measures on the Use of Seal” and “Property Management Measures” of the Company.	Approved as proposed without objection.
		3	Approved the Company’s 2021 “Statement of Internal Control Systems”	Approved as proposed without objection.
2nd term 21st session	2022/3/30	3	Reported on the execution of internal audit work in February 2022.	Approved as proposed without objection.
		4	Approved the amendment to certain provisions of the Company’s “Procedures for Acquisition or Disposal of Assets”	Approved as proposed without objection.
2nd term 22nd session	2022/4/22	1	Reported on the execution of internal audit work in March 2022	Approved as proposed without objection.
2nd term 24th session	2022/6/24	1	Reported on the execution of internal audit work in April and May 2022.	Approved as proposed without objection.
2nd term 25th session	2022/8/12	3	Reported on the execution of internal audit work in June 2022.	Approved as proposed without objection.
		4	Approved the plan to amend certain provisions of the “Procedures for Acquisition or Disposal of Assets,” of the Company's 100%, directly and indirectly, owned subsidiaries.	Approved as proposed without objection.
2nd term 26th session	2022/10/14	1	Reported on the execution of internal audit work in July and August 2022.	Approved as proposed without objection.
		3	Approved the proposed amendments to certain provisions of the “Management Measures for the Authorization of Duties and Acting Persons” of the Company	Approved as proposed without objection.

2nd term 27th session	2022/11/11	2	Reported on the execution of internal audit work in September 2022.	Approved as proposed without objection.
		4	Approved the Company's 2023 annual audit plan by internal audit.	Approved as proposed without objection.
		5	Passed the proposal on the amendment to certain provisions of the “Procedures for Lending Funds to Others” of Youcheng Financial Leasing Co., Ltd., a subsidiary.	Approved as proposed without objection.
Two-way communication meeting between the internal audit officer and independent directors	2022/11/11	1	Description of the 2023 audit operation and expected audit priorities	No objection after discussion.
		2	Description of the self-assessment of the 2022 internal control system.	No objection after discussion.
		3	Discussion on the key points of subsidiary supervision and management	No objection after discussion.
		4	Others	No objection after discussion.
2nd term 28th session	2022/12/15	1	Reported on the execution of internal audit work in October 2022	Approved as proposed without objection.
		4	Passed the proposal to amend the Company’s “Internal Control System - Other Management Systems” and “Internal Control Implementation Rules - Other Management System” and formulate its “Procedures for Handling Material Inside Information”.	Approved as proposed without objection.

Records of communication between independent directors and CPAs

Date	Item order	Communication Matters	Communication Results
2022/11/11	1	Independence	No comments for this meeting
	2	Responsibilities of reviewers for reviewing the interim financial statements	
	3	Provision of a review conclusion	
	4	Scope of review	
	5	The Company’s operating status: 2022Q3	
	6	Auditor's responsibility for reviewing financial statements	
	7	Annual audit plan (including concerns of competent authorities)	
	8	Major impact of the Auditing Standards Statement No.75 on the Company.	
	9	Important accounting standards or interpretations, securities regulations and tax law updates	

IV. The term of office of the 2nd Audit Committee is from 2020.6.18 to 2023.6.17, and the total number of meetings in 2022 was 10.

Supervisors' participation in the operation of the Board of Directors: None (The Company established an audit committee to replace supervisors in accordance with the resolution of the shareholder meeting on June 18, 2020)

(III) The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and their reasons.

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”?	✓		The Company has formulated a set of “Corporate Governance Practice Principles” and disclosed it on the Company website and the Market Observation Post System.	No major difference.
II. The Company's equity structure and shareholder equity (I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes, litigations, and implemented them according to the procedures?	✓		(I) The Company has a spokesperson and an acting spokesperson; suggestions, doubts or disputes of shareholders are handled and responded to by the designated stock affairs agency, KGI Securities Co., Ltd. In the event of litigation, legal counsel will be entrusted to handle the matter.	(I) No major difference.
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately control the major shareholders?	✓		(II) Keep track of the list of major shareholders who actually control the Company and the ultimate controllers of major shareholders and file reports in accordance with the requirements of	(II) No major difference.

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			the Rules Governing Information Reporting by Companies with TPEx Listed Securities.	
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	✓		(III) The Company's transactions with its affiliates are conducted in accordance with relevant laws and regulations, the Company's internal control systems, and the supervisory measures for its subsidiaries, with appropriate risk control.	(III) No major difference.
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓		(IV) The Company has formulated its “Procedures for Ethical Management and Guidelines for Conduct” and “Regulations for Prevention of Insider Trading”, and communicate the content thereof by adding an alert news ticker on the Company’s website; this way, the Company reminds employee and insiders of the Company’s prohibition on insider trading and forbids insiders from using non-public information to trade marketable securities.	(IV) No major difference.
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated and	✓		(I) The Company has stipulated in the “Corporate	(I) No major difference.

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
implemented a diversity policy on membership?			Governance Practice Principles" that the composition of the Board of Directors should be made by considering diversity, having formulated an appropriate diversity policy based on the Company's operation style and development needs, and has thoroughly implemented it. Please refer to pages 29 to 31 of this Annual Report.	
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with the law, has the Company voluntarily set up other functional committees?	✓		(II) The Company has staffed the Nomination Committee with three members according to the resolution reached at the Board of Directors meeting dated December 15, 2022; all three members, including 21st independent director Tseng-Ping Chao, independent director Bing-Sen Lei, and independent director Jung-Tsung Yang, were hired to serve as members of the Company's 1st Nomination Committee for the term from December 15, 2022 to June 17, 2023, which was the same as the term of the Board of Directors that	(II) No major difference.

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			appointed them. Mr. Tseng-Ping Chao was elected as convener and chair of the meeting from among the members themselves. The Committee may hold a meeting any time where necessary.	
(III) Whether the Company has formulated board performance evaluation measures and methods, conducts performance evaluations annually and regularly, and reports the results of performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and a nomination for reappointment?	✓		(III) The Company established the "Board Performance Evaluation Measures and Methods" on November 13, 2019 and completed the first performance evaluations of the Board of Directors and functional committees for the period from November 2018 to October 2019. The results of the performance evaluations were reported to the Board of Directors on December 20, 2019. The performance evaluation will be conducted on an ongoing basis in accordance with the Measures. In 2020, the second performance evaluation of the Board of Directors and functional committees were carried out to assess their performance during November 2019 and	(III) No major difference.

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
(IV) Does the Company regularly evaluate the independence of the attesting CPA?	✓		October 2020, and the evaluation results were reported to the Board of Directors on November 12 2020. In 2021, the third evaluation of the performance of the Board of Directors and the functional committees were carried out to assess their performance during November 2020 and October 2021, and the evaluation results were reported to the Board of Directors on December 20, 2021. In 2022, the fourth performance evaluation was carried out to evaluate the performance during November 2021 and October 2022, and the evaluation results, which were rated "Excellent", were reported to the Board of Directors on November 11, 2022. Relevant information is also disclosed on the Company's official website for reference and is used as a reference for an annual review of individual directors' remuneration and a nomination for reappointment. (IV) The independence and competence of CPA have	(IV) No major difference.

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			been regularly evaluated, and whether there is a rotation of CPA according to laws and regulations has been regularly tracked. The review of attesting CPAs' competence using audit quality indicators (AQIs) in 2022 was submitted to and approved by the 27th meeting of the 2nd Audit Committee and the 29th meeting of the 21st Board of Directors on November 11, 2022; the review of attesting CPAs' independence in 2021 was submitted to and reviewed by the 19th meeting of the 2nd Audit Committee and the 21st meeting of the 21st Board of Directors on January 21, 2022. The review of attesting CPAs' independence in 2022 was submitted to and approved by the 29th meeting of the 2nd Audit Committee and the 31st meeting of the 21st Board of Directors on January 16, 2023.	
IV. Do TWSE/TPEx listed companies have a suitable and appropriate number of corporate	✓		The Company has designated full-time corporate governance personnel to handle corporate	No major difference.

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
governance personnel and appoint a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with the law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?			governance-related matters. [Corporate governance officer] On March 16, 2021, the Company, in accordance with the resolution of the 11th meeting of the 21st Board of Directors, designated deputy general manager Shih-Ming Li as the corporate governance officer, who has served as the head of the Company's finance unit for more than three years and is qualified to be the corporate governance officer. Assumed office on March 16, 2021, and relieved of duty on December 20, 2021 and completed 18 hours of training courses for corporate governance officers in 2021 during term of office. On December 20, 2021, the 20th meeting of the 21st Board of Directors resolved that the Company's Chief Accounting Officer and CFO would take over the position of Corporate Governance Officer, and that Mr. Shih-Ming Li, the former CFO, would be reassigned as a consultant to the Treasury Division due to health reasons. The Company's 25th meeting of the 21st Board of Directors dated May 13, 2022 resolved to <u>hire Mr. Hsin-Kai Kung as the Company's "full-time corporate governance officer" (a position at the level of associate</u>	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			vice president) since May 16, 2022. Mr. Hsin-Kai Kung per se is a registered CPA of the ROC, and possesses the qualifications requisite for a corporate governance officer. Mr. Hsin-Kai Kung completed the 18-hour training course for new corporate governance officers on October 21, 2022, and the training hours were reported to the competent authority. [The scope of its powers of office] 1. Assist independent directors and regular directors in carrying out their duties, provide the necessary information, and arrange for directors' continuing education. (1) Provide the information required by directors and facilitate smooth communication and exchange between directors and business executives. (2) Arrange communication meetings between independent directors and internal audit officers or attesting CPA.	
			(3) Assist independent directors and regular directors and arrange courses according to the characteristics of the Company's industry and the academic and experience of the directors. 2. Assist the Board of Directors and shareholder meetings in legal compliance with the procedures and resolutions.	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			(1) Report to the Board of Directors, independent directors, and the Audit Committee on the Company's corporate governance operations status and confirm whether the Company's shareholder meetings and board meetings are held in compliance with the relevant laws and corporate governance principles regulations. (2) Assist and remind directors of the laws and regulations to be observed when executing business or when the board makes resolutions. (3) Responsible for handling the release of important information of significant resolutions of the Board of Directors to ensure the legality and correctness of the content of the information. 3. Prepare the agenda of board meetings, notify directors seven days in advance, provide meeting materials, remind them in advance if the issues require recusal due to conflict of interests, and complete meeting minutes within 20 days after the meeting. 4. Register the date of a shareholder meeting in advance,	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			prepare meeting notices, meeting handbook, and meeting minutes within the legally specified period, and register amendments to the Article of Incorporation or the measures for the re-election of directors in accordance with the law. [Focus of execution in 2022] 1. Carry out board meetings and shareholder meetings in accordance with the law. 2. Prepare minutes of board meetings and shareholder meetings. 3. Provide the board members with corporate governance related laws and regulations, and update them regularly. 4. Arrange further education courses for board members. 5. Provide information necessary for directors to perform their business. 6. Assist directors in complying with laws and regulations. 7. Evaluate and purchase liability insurance for directors and supervisors of the Group. 8. Arrange communication meetings between	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			independent directors and internal audit officers or attesting CPA.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders? VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	✓ ✓		The Company's website has a special section for stakeholders on the Company's website, with e-mail and contact numbers for the spokesperson and acting spokespersons to respond appropriately to important corporate social responsibility issues of concern to stakeholders. The implementation status in 2022 was reported at the 31st meeting of the 21st Board of Directors on January 16, 2023. The Company has appointed KGI Securities Co., Ltd. to handle the shareholder meeting affairs.	No major difference. No major difference.
VII. Information Disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	✓		(I) Website has been set up (Website: http//www.firsteam.com.tw) for the disclosure of information on financial and business matters as well as corporate	(I) No major difference.

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			governance.	
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	✓		(II) The Company has disclosed relevant information on the Market Observation Post System, and has dedicated personnel responsible for the collection and disclosure of corporate information, and has implemented a spokesperson system to explain to the public in a timely manner. When the Company holds a corporate briefing or earnings call, the Company will simultaneously reveal the content on the official website for investors to read, and place the proceedings of the corporate briefing or earnings call on the Company's website.	(II) No major difference.
(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year? The financial statements for the first, second and third quarters and the		✓	(III) The Company is still in the process of planning to achieve early announcement and financial filing.	(III) No material difference, and the Company has completed the filing of all relevant financial statements

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
monthly operating status before the prescribed deadline?				within the statutory deadlines.
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company’s purchase of liability insurance for directors and supervisors, etc.)?	✓		(I) Employees are covered by group term life insurance (including medical), health checkups, birthday parties, birthday gifts, wedding and funeral stipends, and annual festival grants, etc. In addition, the Company has a welfare committee responsible for handling various employee welfare matters. It has established HR management rules in accordance with the Labor Standards Act and the spirit of gender equality in the workplace to establish mutual trust and reliability to ensure that employee welfare and retirement rights are protected. (II) The Company has dedicated personnel to handle investors' suggestions and related matters. (III) The Company always keeps promises and business ethics with suppliers and	No major difference.

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			stakeholders. It will not arbitrarily delay payments to protect their legal rights and interests and maintain good relationships with suppliers and stakeholders. (IV) On-the-job training courses taken by directors and the corporate governance officer: (1) Chairperson Jen-Hao Kuo has taken 12 hours of on-the-job training courses, including the 3-hour course, namely, “On the Three Best Practice Principles of Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility, and Case Study” and anther 3-hour course, namely, Trade Secrets and Non-compete Restrictions held by Taiwan Corporate Governance Association on October 20, 2022, the 3-hour course, namely, Information Security Governance - Trends and Challenges, and another 3-hour course, namely, Regulations for Insider	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			Trading Prevention and Insider Shareholding Change, and Corporate Governance in Practice, held by Taiwan Corporate Governance Association on October 21, 2022. (2) Director Wei-Te Chiu has taken 12 hours of on-the-job training courses, including the 3-hour course, namely, “On the Three Best Practice Principles of Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility, and Case Study” and anther 3-hour course, namely, Trade Secrets and Non-compete Restrictions held by Taiwan Corporate Governance Association on October 20, 2022, the 3-hour course, namely, Information Security Governance - Trends and Challenges, and another 3-hour course, namely, Regulations for Insider Trading Prevention and Insider Shareholding Change, and Corporate Governance in	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			Practice, held by Taiwan Corporate Governance Association on October 21, 2022. (3) Director Ching-Hai Huang has taken 12 hours of on-the-job training courses, including the 3-hour course, namely, "On the Three Best Practice Principles of Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility, and Case Study" and anther 3-hour course, namely, Trade Secrets and Non-compete Restrictions held by Taiwan Corporate Governance Association on October 20, 2022, the 3-hour course, namely, Information Security Governance - Trends and Challenges, and another 3-hour course, namely, Regulations for Insider Trading Prevention and Insider Shareholding Change, and Corporate Governance in Practice, held by Taiwan Corporate Governance Association on	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			October 21, 2022. (4) Director Chien-Wan Chuang has taken 12 hours of on-the-job training courses, including the 3-hour course, namely, "On the Three Best Practice Principles of Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility, and Case Study" and anther 3-hour course, namely, Trade Secrets and Non-compete Restrictions held by Taiwan Corporate Governance Association on October 20, 2022, the 3-hour course, namely, Information Security Governance - Trends and Challenges, and another 3-hour course, namely, Regulations for Insider Trading Prevention and Insider Shareholding Change, and Corporate Governance in Practice, held by Taiwan Corporate Governance Association on October 21, 2022. (5) Independent director Tseng-Ping Chao has	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			taken 12 hours of on-the-job training courses, including the 3-hour course, namely, "On the Three Best Practice Principles of Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility, and Case Study" and anther 3-hour course, namely, Trade Secrets and Non-compete Restrictions held by Taiwan Corporate Governance Association on October 20, 2022, the 3-hour course, namely, Information Security Governance - Trends and Challenges, and another 3-hour course, namely, Regulations for Insider Trading Prevention and Insider Shareholding Change, and Corporate Governance in Practice, held by Taiwan Corporate Governance Association on October 21, 2022. (6) Independent director Bing-Sen Lei has taken 12 hours of on-the-job training	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			courses, including the 3-hour course, namely, "On the Three Best Practice Principles of Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility, and Case Study" and anther 3-hour course, namely, Trade Secrets and Non-compete Restrictions held by Taiwan Corporate Governance Association on October 20, 2022, the 3-hour course, namely, Information Security Governance - Trends and Challenges, and another 3-hour course, namely, Regulations for Insider Trading Prevention and Insider Shareholding Change, and Corporate Governance in Practice, held by Taiwan Corporate Governance Association on October 21, 2022. (7) Independent director Jung-Tsung Yang has taken 12 hours of on-the-job training courses, including the 3-hour course,	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			namely, "On the Three Best Practice Principles of Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility, and Case Study" and anther 3-hour course, namely, Trade Secrets and Non-compete Restrictions held by Taiwan Corporate Governance Association on October 20, 2022, the 3-hour course, namely, Information Security Governance - Trends and Challenges, and another 3-hour course, namely, Regulations for Insider Trading Prevention and Insider Shareholding Change, and Corporate Governance in Practice, held by Taiwan Corporate Governance Association on October 21, 2022. (8) Mr. Hsin-Kai Kung, the Company's full-time corporate governance officer, has taken a wide range of on-the-job training courses, including the 3-hour course,	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			namely, Legal Aspects of ESG the Board of Directors should not Ignore, and another 3-hour course, namely, Net Zero, Carbon Neutral, and Compliance Matters for an Enterprise, held by Taiwan Corporate Governance Association on August 12, 2022, the 3-hour course, namely, "On the Three Best Practice Principles of Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility, and Case Study" and anther 3-hour course, namely, Trade Secrets and Non-compete Restrictions held by Taiwan Corporate Governance Association on October 20, 2022, the 3-hour course, namely, Information Security Governance - Trends and Challenges, and another 3-hour course, namely, Regulations for Insider Trading Prevention and Insider Shareholding Change, and Corporate Governance in Practice, held by Taiwan	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			Corporate Governance Association on October 21, 2022. The number of training hours totaled 18. (V) Continuing educations of internal audit officer and accounting officer. (1) LI, WEI-HSIN, assistant manager of Internal Audit Took a 6-hour course, namely, “Operational System Audit Focus and Cross-cycle, Cross-operation Consolidation”, held by The Institute of Internal Auditors - Chinese Taiwan on April 13, 2022. Took a 6-hour course, namely, “Impact of Climate Change and Sustainable Development Trend on an Enterprise’s Internal Control - from the Perspective of ESG Risks”, held by The Institute of Internal Auditors - Chinese Taiwan on June 9, 2022. A total of 12 hours of training. (2) Accounting Officer Tzu-Yuan Pei, senior manager Took a total of 12 hours of on-the-job training courses, namely, “Influence of Implementation of CFC on Group	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			Investment Structure, and Actions to be Taken", "The Impact of the Global Minimum Tax System and Taiwan's Anti-tax Avoidance System on Corporate Tax Governance", "Analysis of an Enterprise's Employee Reward Tools", "Corporate Equity Evaluation", held by Shih Chien University for accounting officers during November 24, 2022 and November 25, 2022. (VI) The Company has established various internal management measures and internal control systems to manage operational risks. It has appointed a group accounting officer to coordinate and supervise the implementation of risk management policies and internal control systems, as well as auditors to inspect and evaluate the implementation of various internal control systems. (VII) The Company has purchased liability insurance of US$10 million for the directors	

Evaluation Items	The state of implementation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			and supervisors concerned.	

IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the last year, and propose priorities and measures for those not yet improved:

The Company will carry out the following improvements.

(I) The Company additionally set up the Nomination Committee, an optional functional committee, on December 15, 2022, so as to align with the requirements of the Corporate Governance Roadmap 3.0.

(II) The Company expects to add an independent director if the chairperson and general manager are still the same person when the board directors are fully re-elected in 2023 at the latest, in order to strengthen the independence of the Board of Directors and comply with regulations.

(III) The Company intends to add at least one female director at the 2023 shareholders' meeting and will continue to strive to have the Board of Directors comprise at least 2 female directors in the future, so as to meet the gender equality requirements of the Corporate Governance Roadmap 3.0.

(IV) To better the structure of the Board of Directors, the Company intends to reduce the number of directors who are also an employee of the Company, or its parent, subsidiary, or affiliate to less than one third of total board seats.

(IV) Composition, responsibilities, key annual tasks, and operation of the Remuneration Committee:

The Company’s Remuneration Committee was established on December 27, 2011, with three members. The Committee's main responsibilities and key annual tasks are to evaluate the remuneration policies and systems of the Company's directors, supervisors and officers, and to make recommendations to the Board of Directors for their reference in making decisions.

The Board of Directors appointed Mr. Hsin-Kai Kung, Mr. Ching-Chih Tieh, and Mr. Po-Cheng Ko, as members of the second remuneration committee of the Company for the same term of office from July 3, 2014 to June 19, 2017 as the Board of Directors that appointed them. Mr. Hsin-Kai Kung was elected by all members from among themselves as the convener and chair of the meeting.

The Board of Directors appointed Mr. Jui-Chun Yu, Mr. Tseng-Ping Chao, and Mr. Hsin-Kai Kung, as members of the third remuneration committee of the Company for the same term of office from July 3, 2017 to June 20, 2020 as the Board of Directors that appointed them. Mr. Jui-Chun Yu, the original committee member, resigned due to personal factors before the by-election of the shareholder meeting held on June 29, 2018. Mr. Man-Sheng Huang, the new committee member, succeeded him in the by-election of the shareholder meeting held on June 29, 2018. Mr. Tseng-Ping Chao was elected by all members from among themselves as the convener and chair of the meeting.

The Board of Directors appointed independent directors, Mr. Tseng-Ping Chao, Mr. Hsin-Kai Kung, and Mr. Jung-Tsung Yang as members of the fourth Audit Committee of the Company for the period from June 30, 2020 to June 17, 2023, which is the same as the term of the Board of Directors that appointed them, and the original committee member, Mr. Hsin-Kai Kung, resigned due to personal factors on May 16, 2022. The newly appointed committee member, Mr. Ping-Sum Lui succeeded him in the by-election of the shareholders' meeting held on June 24, 2022, and Mr. Tseng-Ping Chao was elected from among all members as the convener and chair of the meeting.

1. Information on the members of the Remuneration Committee

(1) Information on the members of the Remuneration Committee

March 31, 2023

(Note 1) Name / Position / Criteria		Professional qualification and experience (Note 2)	Status of Independence (Note 3)	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Convener of independent directors	Tseng-Ping Chao	Graduated from the Texas A&M University Master of Science in Finance. Experience: Union Capital (Taiwan) Asset Management co./ chairman and general manager Ruizi Securities Investment Consulting (Stock) Company, director Private Banking Department, The Hongkong and Shanghai Banking Corporation, Taipei Branch/vice president Credit Lyonnais Securities Asia Taipei/Senior Investment Advisor (34 years of professional experience in finance and business) Current position: Union Capital (Taiwan) Asset Management co./ chairman and general manager Work experiences and professional knowledge and skills in business, finance, or related areas required for the Company's business	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with which the Company has a specific relationship. No remuneration received for the provision of business,	None

		Not a person with any of the circumstances under Article 30 of the Company Act.	legal, financial, and accounting services to the Company or its affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Independent director member (Resigned on May 16, 2022)	Hsin-Kai Kung	Certified public accountant in R.O.C. Department of Accounting, TAMKANG UNIVERSITY; MBA, Tiffin University Experience: Xinkai Joint Accounting Firm, CPA and president Xinkai Joint Accounting Firm, partner CPA and president CASTLES TECHNOLOGY CO., LTD/independent director, member of audit committee, member of remuneration committee SIM Card Consulting Limited/ chairman (23 years of professional experience in accounting, finance and business, including 13 years as a practicing CPA) Current position: Xinkai Joint Accounting Firm, CPA and president SIM Card Consulting Limited/ chairman	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with which the Company has a specific relationship. No remuneration received for the provision of business,	Concurrently serve 1 company CASTLES TECHNOLOGY CO., LTD. /Independent director /Audit Committee member /Remuneration Committee member

		Work experiences and professional knowledge and skills in business, legal, financial, accounting or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	legal, financial, and accounting services to the Company or its affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Independent director member	Jung-Tsung Yang	Passed the Examination for Lawyers and the Special Examination for Judicial Officers. Graduated from the Department of Law of National Taiwan University, master of the Graduate School of Political Science, National Taiwan University Experience: Attorney, Taipei District Court, Taiwan; Attorney, Office of the Ministry of Justice; Director of the Taipei District Court, Taiwan; Attorney, Taiwan High Court, Taiwan; Head of the Special Investigation Section, Supreme Court Prosecutor's Office; Spokesperson; 2013 model public servant in the Ministry of Justice; Judicial Officer Academy, Ministry of Justice; Foreign Service Institute, Ministry of Foreign Affairs; Chair, Judicial College, Judicial Yuan; President, Hengsheng Law Firm. (31 years of professional experience in legal affairs and business)	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with which the Company has a specific relationship. No remuneration received for the provision of business,	None

		Current position: Hengsheng Law Firm/president CTBC Bank/director Work experiences and professional knowledge and skills in business, legal affairs, or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	legal, financial, and accounting services to the Company or its affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Independent director member Elected in the by-election at the Shareholders Meeting dated June 24, 2022 as independent director of the 21st Board of Directors and member of the Audit Committee, and appointed as a member of the 4th Remuneration Committee by the Board of Directors meeting dated August 12, 2022.	Ping-Sum Lui	CPA of the Hong Kong Institute of Certified Public Accountants Department of Accounting, The Chinese University of Hong Kong. Experience: Argyle Street Management Limited / Partner BDA Partners / Senior manager Dah Chong Hong Holdings Limited/ Senior chief of the Business Analysis Department PwC / senior auditor (22 years of professional experience in accounting, finance, and business) Current position: Argyle Street Management Limited / Partner Work experiences and professional knowledge and skills in business, legal, financial, accounting or related areas required for the Company's business	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with which the Company has a	None

		Not a person with any of the circumstances under Article 30 of the Company Act.	specific relationship. No remuneration received for the provision of business, legal, financial, and accounting services to the Company or its affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	

Note 1: Please specify the relevant years of service, professional qualifications and experience, and independence of each Remuneration Committee member in the table. Please refer to this Annual Report, Three. Corporate Governance Report II. (i) Information on directors. Please indicate whether the individual is an independent director or other for the field of Position (please add a note for the convener).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of each member of the Remuneration Committee.

Note 3: The status of the independence: The status of the independence of Remuneration Committee members should be stated, including, but not limited to, whether they, their spouse or relatives within second degree of kinship are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by them, their spouses or relatives within second degree of kinship (or in the name of others); and whether they are directors of companies with specific relationship with the Company (refer to Article 6, Paragraph 1, Subparagraph 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) The amount of remuneration they received from the Company or its affiliates for business, legal, financial and accounting services in the last two years.

Note 4: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

2. Information on the operations of the Remuneration Committee

(1). There are three members of the Remuneration Committee of the Company.

(2) The term of office of the current Remuneration Committee: June 30, 2020 to June 17, 2023, and the total number of meetings in the last year is 4 times (4th term) The qualifications and attendance of the members are as follows.

Title	Name	Number of times of attendance in person	Number of times of attendance by proxy	% of attendances in person	Note
Convener	Tseng-Ping Chao	4	0	100	Re-elected Re-election date: 2020.6.18
Member	Hsin-Kai Kung	3	0	100	Re-elected Re-election date: 2020.6.18 Resigned on May 16, 2022.
Member	Jung-Tsung Yang	3	1	75	Newly appointed Re-election date: 2020.6.18
Member	Ping-Sum Lui	1	0	100	Newly appointed By-election date: June 24, 2022 (Note)

(Note): Independent director Mr. Hsin-Kai Kung resigned on May 16, 2022. Mr. Bing-Sen Lei was elected in the by-election at the Shareholders Meeting dated June 24, 2022 as independent director of the 21st Board of Directors and member of the Audit Committee, and appointed as a member of the 4th Remuneration Committee by the Board of Directors meeting dated August 12, 2022.

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions (if the remuneration approved by the board is better than the recommendation proposed by the committee, the difference and reasons should be stated): No such situation.

II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be stated: No such situation.

III. Important resolutions of the Remuneration Committee for the current year and their implementation:

Date	Term	Item order	Important resolution	Resolutions of the Remuneration Committee	The Company's handling of the Remuneration Committee's opinions
2022/1/21	4th term 8th session	1	Approved the Company's plan to pay the year-end bonus to the managerial officers for 2021.	Approved as proposed with no objection from any members present	Not applicable

2022/3/30	4th term 9th session	1	Approved the proposal of the remuneration for employees and Company directors for 2021.	Approved as proposed with no objection from any members present	Not applicable
2022/5/13	4th term 10th session	1	Passed the proposal to appoint the Company’s corporate governance officer.	Approved as proposed with no objection from any members present	Not applicable
2022/12/15	4th term 11th session	1	Approved the proposal: The monthly remuneration to directors, independent directors and audit committee members of the Company.	Approved as proposed with no objection from any members present	Not applicable
		2	Approved the periodic review of the remuneration of the Company's managerial officers.	Approved as proposed with no objection from any members present	Not applicable

IV. The term of office of the 4th Remuneration Committee is from June 30, 2020 to June 17, 2023, and the total number of meetings in 2022 was 4.

(V) Background information on Nomination Committee members and operation of the Nomination Committee

1. Nomination Committee members' qualifications for appointment, and their duties:

The Company has set up the Nomination Committee and staffed it with three members according to the resolution reached at the Board of Directors meeting dated December 15, 2022; all three members, including 21st independent director Tseng-Ping Chao, independent director Jung-Tsung Yang, and independent director Ping-Sum Lui, were hired to serve as members of the Company's 1st Nomination Committee for the term from December 15, 2022 to June 17, 2023, which was the same as the term of the Board of Directors that appointed them. Mr. Tseng-Ping Chao was elected as convener and chair of the meeting from among the members themselves. The Committee may hold a meeting any time where necessary.

The main responsibilities are to consider or deal with the following matters:

(1) Nominate the Company's directors, and review the qualifications of director candidates.

(2) Create the organizational structure of the various functional committees under the Board of Directors, and review the formulation and revision of the charter of each functional committee.

(3) Review the formulation and revision of the regulations governing the operation of the Board of Directors.

(4) Review the Company's "Corporate Governance Best Practice Principles".

(5) Others tasks assigned to this committee by the Board of Directors.

2. Professional qualifications and experience of Nomination Committee members and the operation of the Nomination Committee

I. Information on the members of the Nomination Committee:

March 31, 2023

Criteria / Position / (Note 1) Name		Professional qualification and experience (Note 2)	Status of Independence (Note 3)	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Convener of independent directors	Tseng-Ping Chao	Graduated from the Texas A&M University Master of Science in Finance. Experience: Union Capital (Taiwan) Asset Management co./ chairman and general manager Ruizi Securities Investment Consulting (Stock) Company, director Private Banking Department, The Hongkong and Shanghai Banking Corporation, Taipei Branch/vice president Credit Lyonnais Securities Asia Taipei/Senior Investment Advisor (34 years of professional experience in finance and business) Current position: Union Capital (Taiwan) Asset Management co./ chairman and general manager Work experiences and professional knowledge and skills in business, finance, or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with which the Company has a specific relationship. No remuneration received for the provision of business, legal, financial, and accounting services to the Company or its	None

			affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Independent director Committee member	Jung-Tsung Yang	Passed the Examination for Lawyers and the Special Examination for Judicial Officers. Graduated from the Department of Law of National Taiwan University, master of the Graduate School of Political Science, National Taiwan University Experience: Attorney, Taipei District Court, Taiwan; Attorney, Office of the Ministry of Justice; Director of the Taipei District Court, Taiwan; Attorney, Taiwan High Court, Taiwan; Head of the Special Investigation Section, Supreme Court Prosecutor's Office; Spokesperson; 2013 model public servant in the Ministry of Justice; Judicial Officer Academy, Ministry of Justice; Foreign Service Institute, Ministry of Foreign Affairs; Chair, Judicial College, Judicial Yuan; President, Hengsheng Law Firm. (31 years of professional experience in legal affairs and business) Current position: Hengsheng Law	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual’s spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with which the Company has a specific relationship. No remuneration received for the provision of business, legal, financial, and accounting services to the Company or its	None

		Firm/president CTBC Bank/director Work experiences and professional knowledge and skills in business, legal affairs, or related areas required for the Company's business Not a person with any of the circumstances under Article 30 of the Company Act.	affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	
Independent director Member	Ping-Sum Lui	CPA of the Hong Kong Institute of Certified Public Accountants Department of Accounting, The Chinese University of Hong Kong. Experience: Argyle Street Management Limited / Partner BDA Partners / Senior manager Dah Chong Hong Holdings Limited/ Senior chief of the Business Analysis Department PwC / senior auditor (22 years of professional experience in accounting, finance, and business) Current position: Argyle Street Management Limited / Partner Work experiences and professional knowledge and skills in business, legal, financial, accounting or related areas required for the Company's business Not a person with any of the circumstances under Article	Not an employee, director, or supervisor of the Company or its affiliates within two years prior to his/her appointment and during his/her term of office. None of the individual's spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship is an employee, director, supervisor, or managerial officer of the Company or its affiliates The total number of issued shares of the Company held by the individual and its spouse, minor children or in the name of others is 0 share. Not a director, supervisor or employee of a company with which the Company has a specific relationship. No remuneration	None

		30 of the Company Act.	received for the provision of business, legal, financial, and accounting services to the Company or its affiliates in the last 2 years. The individual is not related to other directors as a spouse or a relative within second degree of kinship and not elected by or on behalf of the government or a juristic person as provided in Article 27 of the Company Act.	

II. Information on the operation of the Nomination Committee

(I) There are three members of the Nomination Committee of the Company.

(II) The term of office of the current Nomination Committee is from December 15, 2022 to June 16, 2023, and the total number of meetings in the last year is 0 time (A). The professional qualifications and attendance of the members and the matters discussed are as follows:

Title	Name	Major expertise	Number of attendance in person (B)	Number of attendance by proxy	% of attendances in person (B/A) (Note)	Note
Convener of independent directors	Tseng-Ping Chao	Business administration, finance, corporate governance	0	0	0	(Assuming office on December 15, 2022)
Independent director member	Jung-Tsung Yang	Law, corporate governance	0	0	0	(Assuming office on December 15, 2022)
Independent director member	Ping-Sum Lui	Finance, marketing Corporate Governance	0	0	0	(Assuming office on December 15, 2022)
Other matters to be recorded: The committee was set up on December 15, 2022, a reason why it failed to meet in 2022. For any major motion put before the nomination committee, specify the meeting date, meeting session number, content of the motion, content of recommendations or dissenting opinions of the nomination committee members, the outcome of the resolution of the nomination committee, and the measures taken by the Company with respect to the nomination committee members' opinions: No such occurrence.						

Note:

(1) If any nomination committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of nomination committee meetings held and the number they attended in person during the period they were on the committee.

(2) If any by-election for nomination committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of nomination committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

(V) Promotion of sustainable development and differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons therefor.

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
I. Implementation of corporate governance Has the Company set up a full-time (part-time) unit to promote sustainable development, together with senior management authorized by the Board of Directors to handle related matters and report to the board on the handling of the matters?	✓		The Company has created a governance structure and set up a full-time unit to promote sustainable development. The top management is authorized by the Board of Directors to handle sustainable development matters: With the Chairperson being the convener and the corporate governance officer being the coordinator, the committee meets quarterly to discuss ESG issues. Meeting notice, attendance book, and meeting minutes are all archived for future reference. The current practice is to formulate a decision through discussion between the chief of the responsible units and the top management, and to execute the decision according to the authority table approved by the Board of	No major difference.

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
			Directors. If necessary, matters may report to the Board of Directors for discussion. On June 10, 2022, the Board of Directors resolved to approve the plan to carry out GHG emissions inventory and verification. Members of the Board of Directors suggested that the Company hire professional advisors to work at the Company such that the inventory and verification could be done effectively. The implementation of the GHG emissions inventory and verification plan, which is progressed as planned so far, was reported to the Board of Directors meetings dated September 16, 2022 and December 15, 2022, during which board members suggested that inventory and verification of GHG emissions by the Group's subsidiaries overseas be carried out by a local professional consulting company and the resulting data be transmitted to the parent company because it would be more effective. On March 16, 2023, the Board of Directors submitted a plan to inventory and verify	

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
			its Group's entities' emissions so as to meet the requirements of the competent authority. During the meeting, board members asked whether the plan progressed smoothly. The status and results of implementation in 2022 was reported at the 29th meeting of the 2nd Audit Committee and the 31st meeting of the 21st Board of Directors on January 16, 2023.	
II. The development of a sustainable environment Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle and formulate relevant risk management policies or strategies (Note 2)?	✓		The Company has established "Risk Management Guidelines" and has been promoting related operational matters. Under the Risk Management Guidelines, the Company adopts rolling adjustments from time to time and makes timely risk avoidance and strategy adjustments by taking into account the current macro and micro economic and social development of the country. The Company's Board	No major difference.

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
			of Directors meeting dated May 14, 2018 resolved to pass the Risk Management Rules, which was disclosed on the Company's official website under the "Regulations" tab for reference. The Company has established "Risk Management Guidelines" and has been promoting related operational matters. Under the Risk Management Guidelines, the Company adopts rolling adjustments from time to time and makes timely risk avoidance and strategy adjustments by taking into account the current macro and micro economic and social development of the country. The Company's Board of Directors meeting dated May 14, 2018 resolved to pass the Risk Management Rules, which was disclosed on the Company's official website under the "Regulations" tab for reference. Current operation status is as follows: 1. Each unit is accountable for risk management, and shall separately assess the source of risks facing them, and identify, monitor, report, and	

Item	Implementation status			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons therefor
	Yes	No	Summary Description	
			disclose the risks, and shall submit a monthly management report for confirmation and management purposes. Risk control duties of each department are as follows: General Administration Division: Legal compliance; control of ESH operation risks. Investment Division: Control of investment and credit risks. Treasury Division: Control of financial risks, e.g., financing and exchange rates. Accounting Division: Control of overdue accounts receivable according to the aging analysis; assessment of tax risks. Marine Transportation Business: Assessment of risks incidental to operating performance and voyage safety. Department Store Business Unit: Control of risks pertaining to operational performance. Real Estate Business Unit: Control of risks	

Item	Implementation status			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons therefor
	Yes	No	Summary Description	
			pertaining to operational performance. 2. The responsible units hold a review meeting monthly, and at any time if necessary. 3. The Accounting Division compiles the information provided by each responsible unit into a monthly management report at the disposal of the Chairperson, President, or CFO for reference for decision-making. 4. The unit responsible for risk management summarized the risk control operation in 2022 and reported it at the 28th meeting of the 2nd Audit Committee and 30th meeting of the 21st Board of Directors on December 15, 2022. The assessment content was approved in its entirety without any objection after discussion. Note: 2022 Summary of risk management scope and organizational operation in tabular format (see the official website).	
III. Environmental Issues				

Item	Implementation status			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons therefor
	Yes	No	Summary Description	
(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	✓Year		(I) The Company maintains working environments in accordance with public safety building regulations, fire safety regulations, labor health and safety regulations, the Waste Disposal Act, and energy conservation and carbon reduction management regulations. The Group's vessels are managed in compliance with the United Nations’ International Maritime Organization regulations with the commitment to reducing marine pollution and air pollution.	(I) No major difference.
(II) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	✓		(II) The Group has obtained the certificates of compliance with the International Safety Management Code for all the vessels. Vessels are equipped with the necessary equipment in accordance with marine environmental protection regulations. For example, the engine room is equipped with a sewage treatment machine, an oil-water separator and an incinerator, and each fuel pipeline interface	(II) No major difference.

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
			is equipped with an oil catch pan to prevent oil from dripping and leaking so as to avoid pollution of the ocean or port waters. All anti-pollution equipment is inspected by the surveyor of the International Association of Classification Societies every year to ensure its proper operation. Newly built vessels are equipped with environmentally friendly and energy-saving host machines, carbon dioxide with low sulfur content; and ballast water treatment system and sewage discharge treatment system to avoid endangering marine life. Offices have been switched to more energy-efficient LED lamps, and with proper lighting, the number of lamps has been reduced while the main light sources during lunch break and after-hours are turned off. Implement waste sorting and resource recycling to put environmental protection	

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
			policies into effect.	
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?	✓		(III) The Company will continue to pay attention to the market situation in response to the abnormal global climate that may cause peak seasons to be less robust and consequently affect business and operations. In addition, all vessels are equipped with weather navigation systems, and experienced captains and shore personnel monitor the weather information constantly and report back to each other in a cooperative way to minimize risks.	(III) No major difference.
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and the total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	✓		(IV) The Company has complied with international regulations and conventions to reduce sulfur content and carbon dioxide emissions of vessel fuel to fulfill its responsibility for environmental protection, energy conservation and carbon reduction.	(IV) No major difference.

Item	Implementation status			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons therefor
	Yes	No	Summary Description	
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	✓		(I) The Company abides by relevant labor laws and regulations and has established relevant management rules to protect the legitimate rights and interests of employees. The promotion of corporate policies and the understanding of employees' opinions are carried out through open two-way communication. FIRST STEAMSHIP respects and supports local regulations and laws pertaining to labor rights, so as to ensure colleagues’ legal rights. In addition, by referencing the human rights protection virtue and fundamental principles at work that are emphasized in the various international bill of human rights, including “The United Nations Global Compact”, “UN Universal Declaration of Human Rights”, and “International Labor Organization Declaration on Fundamental Principles and Rights at Work”, FIRST	(I) No major difference.

Item	Implementation status			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons therefor
	Yes	No	Summary Description	
			STEAMSHIP has formulated its human rights policy, and carried out the following measures: 1. The Company profits wrongful discrimination and ensures equal access to employment; it has further set up an employee grievance filing channel, a sexual harassment prevention system, and a whistleblowing e-mail box to ensure employees’ human rights. 2. Provision of a healthy and safe workplace: The Company carries out occupational safety training, health promotion lectures, and fire safety training, and further organizes a health check-up for all employees every year, to ensure their safety and health. 3. The Company helps employees maintain their health and strike a balance between work and lift, e.g., provision of an afternoon tea break, and care for their daily lives.	

Item	Implementation status			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons therefor
	Yes	No	Summary Description	
			4. Creation of an environment conductive to communication, and respect for employees freedom of assembly and association: Employees’ opinions expressed at the quarterly labor-management meeting are gathered and discussed. In addition, the Company has set up its Employee Welfare Committee, and allocates a portion of operating revenue every year as welfare fund requisite for realization of the various welfare measures. Furthermore, the Company regularly meets to discuss employees’ welfare measures and formulate relevant management rules, so as to uphold employees’ legal rights and interests. Dissemination of company policy and understanding of employees’ opinions are both carried out via two-way communication.	
(II) Whether the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation	✓		(II) The Company has HR management measures and work rules, including employee welfare measures, employee salary appraisal, leave and	(II) No major difference.

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration?			attendance related regulations, etc., to assess rewards and punishments and to appropriately reflect work performance or results in employee remuneration. To meet the regulatory welfare requirements and formulate a fair, transparent remuneration policy, FIRST STEAMSHIP, aside from providing a remuneration system that is both assuring and stimulating, also offers generous benefits so that employees can concentrate on work and big bonus so that employees can continue to improve themselves. 1. Fair and just remuneration standards correlated with occupational competency 2. Regular, transparent performance evaluation and bonus systems. 3. Employee welfare guaranteed by the welfare unit. 4. Defined pension contributions meeting the legal requirements.	

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
			The Company strives to achieve workplace diversity and equality, and offers equal access to men and women alike to promotion. In 2022, female employees accounted for 53.49% of total employees, and female managers accounted for 46.67% of all managers. According to Article 31 of the Company's Articles of Incorporation, if the Company makes profits during the year (i.e., profits before tax inclusive of profits to be distributed as employee compensation and director compensation), no less than 1% of such profits should be appropriated as employee compensation, aiming to share the Company's operating profits with employees according to their performance, so that their remuneration will grow in tandem with the Company's operating performance. In addition, the Company has put in place some internal regulations, e.g., Code of Ethical Conduct, and	

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
(III) Does the Company provide employees with a safe and healthy working environment and related education?	✓		Ethical Corporate Management Best Practice Principles, so as to align employees' conduct with legal requirements, thereby facilitating sustainable development. (III) The Company has safety and health management personnel and has set up various safety measures such as fire-fighting facilities, emergency evacuation routes and notification systems to prevent accidental disasters. In accordance with requirements of the Labor Safety and Health Act and the MLC Code for ships, the Labor Safety and Health Work Rules have been established, and warning signs are marked on dangerous equipment to require employees to be in full compliance to ensure a safe working environment. Implement regular maintenance of elevator and fire fighting facilities, strengthen access control, and arrange labor safety and fire fighting training and health inspection to protect the health, life and safety of employees. As for the "Sexual Harassment Prevention Act," in addition to strengthening	(III) No major difference.

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
			educational propaganda, there are also complaints and disciplinary measures to protect employees.	
(IV) Has the Company established an effective career development training program for employees?	✓		(IV) In order to enhance the professional knowledge, skills and development advantages of employees, the Company requires them to attend external training courses from time to time; Sea crew also perform various professional drills from time to time. Continuous learning, cultivation and training are conducive to the career development of employees. At FIRST STEAMSHIP, new employees will undergo an orientation training organized by the HR, followed by a professional training by each department based on the technical requirements for their job. The HR also produces statistics and conducts a survey with respect to the trainings every year, to ensure that employees receive quality cultivation and obtain diversified development potential and are thereby able to grow in tandem with FIRST STEAMSHIP. FIRST STEAMSHIP's employees trained for 10.74	(IV) No major difference.

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
			hours on average in 2021, a slight dip from last year because of reduction in the number of external training courses due to the COVID-19 pandemic; some of such courses were given online instead. FIRST STEAMSHIP remains diligent in providing more on-the-job training resources and channels to employees; it will keep participating in government programs to provide more diversified coursed at the option of employees. FIRST STEAMSHIP believes that a clear and stable career path helps cultivate and retain talents.	
(V) Does the Company comply with relevant laws and regulations and international standards regarding issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	✓		(V) All vessels of the Group comply with the United Nations' International Maritime Organization convention.	(V) No major difference.
(VI) Has the Company formulated supplier management policies requiring suppliers to	✓		(VI) If a supplier violates the corporate social responsibility policy and has a significant	(VI) No major difference.

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
follow relevant regulations on environmental protection, occupational safety and health, or labor rights and monitor their implementation?			impact on the environment and society, the Company will terminate or cancel its contracts at any time.	
V. Has the Company referred to international reporting standards or guidelines in its preparation of sustainability reports and other reports which disclose the Company's non-financial information? Has the confirmation or assurance opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?		✓	The information disclosed in the report has been prepared in accordance with the "Core" option of the GRI Standards 2021 published by the Global Reporting Initiative (GRI) and is in compliance with the requirements of the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies." The index of GRI Standards is also provided at the end of this report for stakeholders' reference. The contents of the reports have been prepared by FIRST STEAMSHIP itself and have been reviewed and confirmed by the relevant department heads without any assurance or confirmation from external third-party organizations.	No major difference because the Company is not mandatorily required to obtain confirmation or assurance opinion certified by a third-party.

Item	Implementation status			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and the reasons therefor
	Yes	No	Summary Description	
VI. If the Company has related practice principles of its own in accordance with the "Sustainability Development Best Practice Principles for TWSE/TPEx Listed Companies," please state the differences between the two and the state of implementation: The Company's Sustainability Development Practice Principles have been established in accordance with the "Sustainability Development Best Practice Principles for TWSE/TPEx Listed Companies" and has been followed.				
VII. Other important information that will help promote the implementation of sustainable development: (I) Vessels are equipped with the necessary equipment in accordance with marine environmental protection regulations. For example, the engine room is equipped with a sewage treatment machine, an oil-water separator and an incinerator. Each fuel pipeline interface is equipped with an oil catch pan to prevent oil from dripping and leaking so as to avoid pollution of the ocean or port waters. All anti-pollution equipment is inspected by the surveyor of the International Association of Classification Societies every year to ensure its proper operation. In addition, the Group and all vessels took the lead in implementing the safety management system in mid-October 1996 to comply with the International Safety Management Code, which became mandatory on July 1, 1998. Newly built vessels are equipped with environmentally friendly and energy-saving host machines, carbon dioxide with low sulfur content; and ballast water treatment system and sewage discharge treatment system in order to better ensure the health of the crew and the safety of ship operations and to achieve the purpose of protecting the marine environment. (II) The Company strives to operate its business on the basis of legal compliance, and is committed to the maintenance of global environmental resources, the fulfillment of social responsibility in return, and sound corporate governance, in order to achieve its business objectives of sustainable development. (III) Mandatory carbon reduction measures imposed on the international shipping industry To cope with climate change, in 2018, the International Maritime Organization (IMO) reached a resolution aimed at cutting the carbon intensity of the international shipping industry - by at least 40% by 2030, and by at least 70% by 2050, compared to the 2008 baseline, To achieve				

Item	Implementation status			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and the reasons therefor
	Yes	No	Summary Description	

the targets, the Marine Environment Protection Committee (MEPC 76) adopted amendments to the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI, which will be enforced on November 1, 2022. The amendments feature an addition of two indicators, namely, Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII).

EEXI requires ships to possess performance that meets the environmental and energy-efficient requirements at the design stage. Fuel must be used in the most efficient manner on the grounds that shipments of a certain volume can be completed. Ships failing the expected criteria and causing pollution will be restricted or adjusted. IMO devised the energy efficiency of existing ship index (EEXI), aiming to improve a ship’s energy efficiency and reduce GHG emissions from the shipping industry. The attained EEXI of an existing ship must not be greater than its required EEXI; otherwise, the ship is required to lower its speed, restrict its power output, or adopt other measures that facilitate its energy efficiency, to qualify.

CII is a rating assigned to a ship based on its performance in annual fuel consumption (i.e., annual energy ratio). If operation of a ship is not energy efficient, a remedy plan must be submitted and the fuel in use must be adjusted.

Carbon Intensity Indicator (CII), a new requirement:

1. CII requires that a ship that is above 5,000GT and must qualify in terms of EEDI set a CII Achievement Plan under its Ship Energy Efficiency Management Plan (SEEMP) and obtain a certificate of conformance (CoC) issued by a recognized organization (RO) by January 1, 2023.
2. Starting from January 1, 2023, the annual CII (CII = $CO2$ Emission /Capacity × Distance) must be calculated for a ship every year, based on which the ship will be ranked on a scale from A to E. In addition, the threshold for each rank will be more stringent year on year. If a ship is ranked D for three consecutive years or E in a single year, a remedy plan must be submitted and recognition must be obtained from a recognized organization (RO).

Note 1: If “Yes” is checked for the implementation status, please describe the important policies, strategies, and measures adopted and their implementation; if “No” is checked, please explain in the field of “the difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor” and the relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

Climate information of TWSE/TPEx-listed companies

1. Climate-related information and status of implementation

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). 3. Describe the financial impact of extreme weather events and transformative actions.	1. Discussion and management are held through ESG group meetings every year. 2. Short term: carbon reduction operation and management of shopping malls. Mid-Term: Supply Chain Sustainability Management. Long-term: sustainable development of low-carbon shopping malls. 3. (1) Transformation risk: a. The trend of low-carbon economy has led to an increase in company operating costs and an increase in the rigor of green management of the supply chain. (2) Physical risk: a. In the future, the global climate temperature will continue to rise, which will lead to an increase in the electricity cost of the business site. b. Power and water restrictions

	lead to increased customer dissatisfaction. (3) Opportunity: Achieve sustainable operation through green building, energy saving and carbon reduction planning.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4.Energy-saving measures of F.S.C.L and Dayang Commercial Group Taipei Office: (1) Require the office to turn off the lights during the lunch break, and turn off the lights and air conditioners after get off work. (2) Strengthen energy-saving publicity, and all employees participate in energy-saving actions to reduce unnecessary waste of electricity. Energy-saving measures of Dayang Commercial Group's mainland shopping malls: (1) Energy-saving transformation of lamps and lanterns in shopping malls, and gradually adopt LED lamps for the original electronic lamps and T5 lamps. (2) Energy-saving transformation

	of air-conditioning equipment. In shopping malls, air-conditioning accounts for about 30-40% of electricity consumption. Each store adjusts the opening time of air-conditioning according to the weather conditions to continuously reduce the electricity consumption of air-conditioning systems. (3) Strengthen energy-saving publicity, and all employees participate in energy-saving actions to reduce unnecessary waste of electricity. (4) Promoting green buildings, improving building energy efficiency and strengthening the implementation of low-carbon life can reduce the demand for electricity and power generation.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5. (1) Committed to improving the utilization efficiency of energy, paper, water and other resources, using recycled materials with low impact on the environment, and at the same time properly maintaining the use of assets to

	implement a low-carbon office. (2) Practice responsible investment and green procurement, and give priority to purchasing products with environmental protection and energy saving labels, reusable supplies and energy-saving equipment. (3) Provide high-quality goods, services and activities in compliance with domestic and foreign environmental protection laws and regulations. (4) Share environmental protection knowledge and experience with company employees and suppliers, deepen awareness of sustainable development, and work with partners from all walks of life to jointly maintain environmental sustainability. (5) e Obtain the CII certificate and continue to manage the fuel consumption of the fleet according to SEEMP, so as to meet the assessment level of at least C after the official

	implementation of the CII in 2023.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	6. (1) Reduce the intensity of energy and greenhouse gas emissions. (2) Promote green building design projects for new shopping malls.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. There are currently no planning tools for using internal carbon pricing.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. There are currently no physically quantifiable climate-related targets set, and no plans to use carbon offsets or renewable energy certificates (RECs).
9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 below).	9. At present, the greenhouse gas inventory is all self-inspection and disclosure by the enterprise, and the third-party verification unit has not yet been implemented to

	confirm: 1. Ocean Department Store completed disclosure of Scope 2 emissions. 2. Yihang and Dayang have completed the disclosure of Scope 1 and 2 emissions. 3. Yihang Shipping has completed the disclosure of Scope 1 emissions.

1-1. Greenhouse Gas Inventory and Assurance Status

Instructions for Completing the Table:

1. Scope 1 and Scope 2 information in this table shall be disclosed according to the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Scope 3 information may be voluntarily disclosed by the business.
2. The company may conduct the greenhouse gas inventory in accordance with the following standards:
   (1) Greenhouse Gas Protocol (GHG Protocol).
   (2) ISO 14064-1 issued by the International Organization for Standardization.
3. The assurance body shall meet the provisions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.
4. The information for subsidiaries may be reported individually, or in aggregate (e.g., by country or by region), or on a consolidated basis (Note 1).
5. The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$ 1 million) should be disclosed (Note 2).
6. The proportion of total emissions from operating sites or subsidiaries not included in the inventory calculation shall not be more than 5%. “Total emissions” above means the quantity of emissions calculated according to the mandatory inventory scope referred to in point 1 of these Instructions for Completing the Table.
7. The description of assurance status shall summarize the content of the assurance report of the assurance body, and the complete assurance opinion shall be appended to the annual report (Note 3).

This table is not applicable at the moment because the Company is member of the company category required by the competent authority to competed GHG inventory and verification at Phase 2 (i.e., inventory by 2025 and verification by 2027).

Basic information of the Company	Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEx Listed Companies:
□ Capital of NT$10 billion or more, iron and steel industry, or cement industry ■ Capital of NT$5 billion or more but less than NT$10 billion □ Capital of less than NT$5 billion	□ Inventory for parent company only □ Inventory for all consolidated entities □ Assurance for parent company only □ Assurance for all consolidated entities

Scope 1	Total emissions (Metric tons CO2e)	Intensity (Metric tons CO2e / NT$ 1 million) (Note 2)	Assurance body	Description of assurance status (Note 3)
Parent company				
Subsidiary				
… (Note 1)				
Total				
Scope 2	Total emissions (Metric tons CO2e)	Intensity (Metric tons CO2e / NT$ 1 million) (Note 2)	Assurance body	Description of assurance status (Note 3)
Parent company				
Subsidiary				
… (Note 1)				
Total				
Scope 3				

(VI) Fulfillment of the ethical corporate management practice principles and the differences from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons therefor.

Evaluation Items	The State of Operation			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Formulate ethical corporate management policy and plan				
(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	✓		(I) The Company has established the "Ethical Corporate Management Practice Principles" and has strengthened the promotion of business philosophy and the implementation of policies. The Board of Directors and senior management have actively pursued the most basic value of business policies.	(I) No major difference.
(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and based on this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Article 7, Paragraph 2 of the "Ethical Corporate	✓		(II) The Company requires each dedicated unit to establish a risk assessment mechanism for unethical conduct and fulfill its supervisory responsibilities. The Company also requires directors, supervisors, officers, employees and appointees to take precautions against offering bribes, accepting bribes and making illegal political contributions in their business activities. It specifies that no	(II) No major difference.

Evaluation Items	The State of Operation			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
Management Best Practice Principles for TWSE/GTSM Listed Companies"?			unethical conduct such as offering or accepting, directly or indirectly, any unreasonable gifts, entertainment or other improper benefits is allowed to prevent employees from sacrificing the Company's rights and interests for their personal interests.	
(III) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?	✓		(III) The Company has established the "Operating Procedures for Ethical Management and Guidelines for Conduct," which specifies that the Company's personnel should comply with the regulations and implement them in order to prevent unethical conduct in the execution of business.	(III) No major difference.
II. The implementation of ethical corporate management (I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	✓		(I) The Company conducts business activities in a fair and transparent manner and takes into consideration the legitimacy of agents, suppliers, customers, or other business counterparties and whether there is a record	(I) No major difference.

Evaluation Items	The State of Operation			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			of unethical conduct before doing business and avoids dealing with those who have a record of dishonest behavior. When signing a contract with others, the ethical principle and the terms that the counterparty of the transaction may terminate or rescind the contract at any time in case of dishonesty should be included.	
(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and regularly report (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?	✓		(II) The Company's secretariat is the dedicated unit to promote ethical corporate management and is responsible for formulating and supervising the implementation of ethical corporate management policies and preventive measures, assisting the Board of Directors and management in checking and evaluating the effectiveness of the preventive measures established for the implementation of ethical corporate management. The internal audit unit evaluates compliance of relevant business processes and reports to	(II) No major difference.

Evaluation Items	The State of Operation			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			the Board of Directors regularly. The status of implementation of ethical corporate management in 2022 was reported at the 31st meeting of the 21st Board of Directors on January 16, 2023.	
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	✓		(III) The Company has established a policy to prevent conflict of interest in the corporate ethical management practice principles and provides appropriate channels for explanation. In addition, it is implemented in accordance with the Company's internal control systems, audit system and various management measures.	(III) No major difference.
(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct and audits the compliance of the plan to prevent unethical conduct	✓		(IV) The Company has established an accounting system and internal control systems, which are properly and effectively implemented. Internal auditors conduct regular audits in accordance with the audit plan, and CPA appointed by the Company also regularly performs audits and attestation of financial	(IV) No major difference.

Evaluation Items	The State of Operation			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
or entrusts a CPA to perform the audit?			statements to ensure ethical corporate management and avoid fraud.	
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	✓		(V) The Company has strengthened internal educational propaganda and implementation of ethical corporate management, but employees do not regularly attend external education training. Publicity information on the Company's website is made available. Literature on regulatory information is also circulated in the form of mail or document by the Secretariat of the Board of Directors from time to time. The Company invited a lecturer from Taiwan Corporate Governance Association to the Company to train directors and employees by giving a course, namely, "On the Three Best Practice Principles of Ethical Corporate Management, Corporate Governance, and Corporate Social Responsibility, and Case Study", for three	(V) No major difference.

Evaluation Items	The State of Operation			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			hours during 9:30am and 12:30pm on October 20, 2022, with 25 participants. In addition, the Company invited a lecturer from Taiwan Corporate Governance Association to the Company to train directors and employees by giving a course, namely, “Regulations for Insider Trading Prevention and Insider Shareholding Change, and Corporate Governance in Practice”, for three hours during 2pm and 5pm on October 21, 2022, with 25 participants. Two participants (the internal audit officer and the vice president of the Secretariat) attended TWSE’s 3-hour online awareness session, namely, 2022 Awareness Session on Prevention of Insider Trading, the content of which included “Insider Trading Regulations Break-down”, “Common Confusion in Insider Trading Governance and Practice”, and “Common Deficiencies in Internal	

Evaluation Items	The State of Operation			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			Control and Prevention of Insider Trading”, on October 28, 2022. The Company also encourages and arranges for employees to take external training courses, thereby fully communicating the importance of ethical corporate management implementation to them.	
III. The operation of the Company's whistleblower reporting system (I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel and designated appropriate personnel to deal with the reported matters?	✓		(I) As set out in Article 21 of the Company’s “Procedures for Ethical Management and Guidelines for Conduct”, the Company encourages internal and external personnel to report unethical conduct or improper behavior and rewards them according to the severity of their reports. Internal personnel who make false reports or malicious accusations shall be subject to disciplinary sanction, and those with serious cases shall be dismissed. There is a mailbox on the Company's website for whistleblowers to	(I) No major difference.

Evaluation Items	The State of Operation			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			report and dedicated personnel will properly handle related matters. If there is any violation of the ethical corporate management regulations, the Company will sign off on punishments in accordance with the management regulations.	
(II) Has the Company formulated standard operating procedures to investigate the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	✓		(II) As set out in Article 21 of the Company's "Procedures for Ethical Management and Guidelines for Conduct", the Company has formulated standard operating procedures to investigate the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms.	(II) No major difference.
(III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	✓		(III) The personnel receiving and handling the report shall keep the whistleblower's identity and the content of the report confidential to prevent the whistleblower from being improperly treated as a result of the report.	(III) No major difference.
IV. Enhance Information Disclosure				

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">The State of Operation</th><th rowspan="2">The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>(I) Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?</td><td>✓</td><td></td><td>The Company has disclosed its “Ethical Corporate Management Practice Principles” on the Market Observation Post System and continues to maximize its effectiveness. Disclosure is also made on the Company’s official website.</td><td>No major difference.</td></tr>
<tr><td colspan="5">V. If the Company has related practice principles of its own in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please state the differences between the two and the state of implementation: In order to establish a corporate culture of ethical management and sound corporate development, the Company has established an Ethical Corporate Management Practice Principles” and operates in accordance with the principles to prevent unethical conduct. No major difference from the differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</td></tr>
<tr><td colspan="5">VI. Other important information that is helpful to understand the implementation of ethical corporate management: Yes, the establishment of “Operating Procedures for Ethical Management and Guidelines for Conduct.”</td></tr>
</table>

(VII) If the Company has established corporate governance principles and related rules, the Company shall disclose its inquiry methods: The Company has established corporate governance practice principles, corporate social responsibility practice principles, sustainable development best practice principles, operating procedures for ethical management and guidelines for conduct, and code of ethical conduct, and has disclosed the above corporate governance-related regulations on the Market Observation Post System and the Company's website for an inquiry by the Company's related parties.

(VIII) Other important information that is helpful to understand the Company's implementation of corporate governance: The Company has disclosed material information in a timely manner.

(IX) Implementation of internal control systems

1. Statement of internal control

FIRST STEAMSHIP COMPANY LIMITED

Statement of internal control systems

Date: March 16, 2023

The Company states the following for its 2022 internal control systems based on the results of self-evaluation:

I. The Company knows that establishing, implementing and maintaining an internal control system is responsible for the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.

II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The criteria of the internal control system adopted in the “Regulations” are based on the process of managerial control and divide the internal control system into five components: 1. control environment, 2. risk evaluation, 3. control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the “Regulations” for these items.

IV. The Company has adopted the aforementioned criteria of the internal control system to evaluate the effectiveness of the design and implementation of its internal control systems.

V. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system were effective as of December 31, 2022 (including the supervision and management of subsidiaries), with an understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.

VI. This statement will become the main content of the Company's annual report and prospectus and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.

VII. This statement was approved by the Company’s Board of Directors on March 16, 2023. Of the 7 directors present, 0 had objections, and the rest all agreed with the content of this statement and declared here.

FIRST STEAMSHIP COMPANY LIMITED

Chairman: Jen-Hao Kuo

General manager: Jen-Hao Kuo

2. If a CPA was appointed to conduct a special audit of the internal control systems, the CPA's review report shall be disclosed: None

(X) During the last year or the current year up to the date of publication of the annual report, if the Company or its internal personnel have been punished in accordance with the law, or the Company has punished its internal personnel for violating the provisions of the internal control system. The results of such punishments may have a material effect on shareholder equity or securities price. The contents of the punishments, major deficiencies and improvements should be listed:

1.(1) Since the Company failed to announce its receipt of the shares of 11 subsidiaries due to the capital reduction of the subsidiary First Steamship S.A., the Company violated the regulations for filing material information and was therefore fined NT$30 thousand.

(2) Response and remedy measures:

The Company shall intensify the training for insiders and oversight of subsidiaries.

(XI) Important resolutions of the shareholder meeting and board meeting during the last year or the current year up to the date of publication of the annual report:

1. Important resolutions of the 2022 regular shareholders' meeting and their implementation

Date of shareholders' meeting	Important resolution	Implementation status
2022.06.24 (Regular shareholder meeting)	Proposed Resolutions 1. 2021 business report and financial statements. Resolution: Passed as proposed.	The announcement of material information on the day of the shareholder meeting is an important resolution of the shareholder meeting.
	2. 2021 profit or loss make-up proposal. Resolution: Passed as proposed.	The execution has been completed.
	Discussion Items 1. Proposal on amendments to certain provisions of the Company's "Article of Incorporation". Resolution: Passed as proposed.	After being passed, the Article of Incorporation has been announced, posted on the Company's website and sent to the Ministry of Economic Affairs for approval.
	2. Proposal on amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meeting" Resolution: Passed as proposed.	It has been implemented in accordance with the amended operating procedures and announced on the Company's website, and the upload and filing have been completed.
	3. Amendment to certain provisions of the Company's "Procedures for Acquisition or Disposal of Assets" Resolution: Passed as proposed.	It has been implemented in accordance with the amended operating procedures and announced on the Company's website, and the upload and filing have been completed.
	Election Matters 1. Election of an independent director to fill the vacancy Election result: Independent director: Bing-Sen Lei	The announcement of material information on the day of the shareholder meeting is an important resolution of the shareholder meeting.
	Other Proposals: 1. Removal of restrictions on directors' competition for business Resolution: Passed as proposed.	Executed in accordance with the resolution.

2. Important resolutions of the board meeting during 2022 or the current year up to the date of publication of the annual report:

Meeting Name	Date	Meeting Session	Item order	Important resolution
Board of Directors	2022/1/21	21st term 21st session	1	Reported on the execution of internal audit work in December 2021.
			2	Reported on the execution of the Company's corporate governance.
			3	Reported on the 2021 promotion of the Company' s ethical corporate management
			4	Approved the appointment of supervisors of Youcheng Financial Leasing Co., Ltd., a 100% owned subsidiary.
			5	Approved the independent judgment on the 2021 attesting CPAs in compliance with the competent authorities
			6	Approved the Company' s plan to apply for a renewal (addition) of short-term loan line from Hua Nan Commercial Bank.
			7	Approved the subsidiary, First Steamship S.A.' s plan to apply for a new medium-term loan of US$4 million from Shanghai Commercial and Savings Bank, with the Company acting as a joint guarantor.
			8	Approved the proposed lending of funds to GRAND OCEAN RETAIL GROUP LTD. through the subsidiary First Steamship S.A.
			9	Approved the Company' s plan to pay the year-end bonus to the managerial officers for 2021.
Board of Directors	2022/2/25	21st term 22nd session	1	Reported on the execution of internal audit work in January 2022
			2	Approved the amendments to the "Internal Control System", "Internal Audit Enforcement Rules", "Management Measures for the Authorization of Duties and Acting Persons", "Management Measures on the Use of Seal" and "Property Management Measures" of the Company.
			3	Approved the Company' s 2021 "Statement of Internal Control Systems"
			4	Approved the sale of all the shares of Morgan Finance Limited to the investee Da Yu Financial Holdings Limited through the subsidiary First Mariner Capital Limited
			5	Approved the appointment of the finance officer of the subsidiary Youcheng Financial Leasing Co., Ltd.
			6	Approved the change of the Company's acting spokesperson
			7	Approved the proposal to lift the prohibition on the Company' s managerial officers from competing for business.

			8	Approved the proposed lending of funds to GRAND OCEAN RETAIL GROUP LTD. through the subsidiary First Steamship S.A.
Board of Directors	2022/3/30	21st term 23rd session	1	Reported that the Company and its subsidiaries (excluding Grand Ocean Retail Group Limited and its subsidiaries) have adopted International Financial Reporting Standards (IFRS's) endorsed by the Financial Supervisory Commission to prepare consolidated financial statements since 2021.
			2	Reported on the status of new funds lending and endorsements from January to December 2021.
			3	Reported on the execution of internal audit work in February 2022.
			4	Approved the amendment to certain provisions of the Company's "Procedures for Acquisition or Disposal of Assets"
			5	Approved the Company's plan to renew its line of credit from the Bank of Taiwan.
			6	Passed the amendments to certain provisions of the Company's "Article of Incorporation".
			7	Passed the amendments to certain provisions of the Company's "Rules of Procedure for Shareholders' Meetings".
			8	Passed the proposal to scrap the Company's original "Corporate Governance Best Practice Principles" and formulate a new one.
			9	Passed the amendments to certain provisions of the Company's "Sustainable Development Best Practice Principles".
			10	Approved the Company's 2021 Business Report and Consolidated Financial Statements.
			11	Approved the proposal of the remuneration for employees and Company directors for 2021.
			12	Approved the Company's 2021 profit or loss make-up proposal.
			13	Passed a proposal to elect an independent director to fill the vacancy.
			14	Approved the matters related to the 2022 regular shareholder meeting of the Company.
			15	Approved the matters related to the acceptance of written proposals from shareholders for the 2022 regular shareholder meeting of the Company.
			16	Approved the matters related to the acceptance of nomination of director candidates by shareholders for the 2022 regular shareholder meeting of the Company.
			17	Passed the proposal to lift the prohibition on the Company's directors from competing for business.
			18	Passed the Proposal on a medium-term construction loan in the amount of NT$289.5 million to be taken out by the subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD. from Taiwan Shin Kong Commercial Bank Co., Ltd., with the collateral provided by the Company.
			19	Approved the Company's plan to lend funds to ROYAL SUNWAY DEVELOPMENT CO., LTD.

Board of Directors	2022/4/22	21st term 24th session	1	Reported on the execution of internal audit work in March 2022
			2	Approved the plan for the Board of Directors to approve the nomination and review of director candidates.
			3	Passed the proposal on removal of restrictions on directors' competition for business
			4	Approved the Company's plan to renew its short-term loan line of NT$50 million from First Commercial Bank
			5	Passed the proposal to approve the subsidiary First Steamship S.A.'s plan to renew its short-term loan line of US$1.7 million from First Bank, Ltd., with the Company acting as a joint guarantor.
			6	Passed the proposal to approve the application filed by Youcheng Financial Leasing Co., Ltd. for lowering the interest rate on the loan borrowed from the subsidiary First Steamship S.A.
			7	Passed the proposal on the subsidiary GRAND OCEAN RETAIL GROUP's plan to apply for a loan line from Hua Nan Commercial Bank Ltd. with a LETTER OF SUPPORT issued by the Company.
			8	Passed the proposal to cooperate with the co-owner, Chengshi International Co., Ltd., the construction company, ROYAL SUNWAY DEVELOPMENT CO., LTD.. and the construction company, Chengshi Construction Development Co., Ltd. to develop the Company's lands of No. 55 and No. 55-1, Yongfu Section, Tucheng District, New Taipei City.
			9	Passed the proposal for the Company's 55% owned subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD. to cooperate with Chengshi Construction Development Co., Ltd. and the co-owner, Chengshi International Co., Ltd. to develop the Company's lands of No. 55 and No. 55-1, Yongfu Section, Tucheng District, New Taipei City.
Board of Directors	2022/5/13	21st term 25th session	1	Reported on the status of new funds lending and endorsements from January to March 2022.
			2	Report on the Company's performance in the 2021 Corporate Governance Evaluation.
			3	Passed the proposal on the Company's consolidated financial statements for the first quarter of 2022.
			4	Passed the proposal to appoint the Company's corporate governance officer.
			5	Approved the proposal to lift the prohibition on the Company's managerial officers from competing for business.
Board of Directors	2022/6/24	21st term 26th session	1	Reported on the execution of internal audit work in April and May 2022.
			2	Reported on the completion of compilation of the 2021 corporate sustainability report.
			3	Adopted the resolution to allow Sure Success Steamship S.A., the Company's sub-subsidiary, to lease out MV EVER SUCCESS to Perfect Bulk Limited, a shipping company.

			4	Passed the proposal to set the Company's schedule for GHG emission inventory and verification.
			5	Passed the proposal to approved the Company's plan to apply for a renewal (addition) of medium-term loan line from Entie Commercial Bank, Ltd.
			6	Approved the subsidiary Youcheng Financial Leasing Co., Ltd.'s plan to apply for a loan line from Sunny Bank Ltd., with the Company acting as a joint guarantor.
			7	Approved the proposal for the Company to lend funds to First Mariner Holding Ltd.
			8	Approved the proposal to allow the subsidiary First Steamship S.A. to renew its loan to Media Assets Global Ltd.
			9	Approved the proposal to allow the subsidiary Nature Sources Ltd. to renew its loan to First Steamship S.A.
			10	Approved the proposal to lift the prohibition on the Company's managerial officers from competing for business.
			11	Passed the proposal on a medium-term loan in the amount of NT$482.5 million to be taken out by the subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD. from Taishin International Bank, Ltd., with the collateral provided by the Company.
Board of Directors	2022/8/12	21st term 27th session	1	Reported on the status of new funds lending and endorsements from April to June 2022.
			2	Reported on the cancellation of the following credit of lending of funds and endorsements and guarantees to streamline the Group's lending of funds and endorsements and guarantees.
			3	Reported on the execution of internal audit work in June 2022.
			4	Approved the plan to amend certain provisions of the "Procedures for Acquisition or Disposal of Assets," of the Company's 100%, directly and indirectly, owned subsidiaries.
			5	Passed the proposal on the Company's consolidated financial statements for the second quarter of 2022.
			6	Passed the proposal to approved the Company's plan to apply for a renewal (addition) of short-term loan line from Mega International Commercial Bank.
			7	Passed the proposal to approved the Company's plan to apply for a renewal (addition) of short-term loan line from Bank of Panhsin.
			8	Approve the list of successors of the Company's Remuneration Committee members.
			9	Approved the proposed lending of funds to GRAND OCEAN RETAIL GROUP LTD. through the subsidiary FIRST STEAMSHIP S.A.

			10	Passed the proposal to sign a supplementary agreement with HONOR CONSTRUCTION Ltd. to extend the period of construction of the "Project on Residential Units Construction on Mingde Section of Tucheng District", in which the Company invested and which was delayed and experienced soaring costs due to the pandemic, by 306 days.
Board of Directors	2022/10/14	21st term 28th session	1	Reported on the execution of internal audit work in July and August 2022.
			2	Reported on the Company's progress in GHG emissions inventory and verification.
			3	Approved the proposed amendments to certain provisions of the "Management Measures for the Authorization of Duties and Acting Persons" of the Company
			4	Passed the proposal to sign an investment and management consulting agreement with the subsidiary Grand Ocean Retail Group Ltd.
			5	Passed the proposal to renew the endorsement and grantee credit provided by the Company for the subsidiary PRAISE MARITIME S.A. (from 7 years to 10 years)
			6	Approved the Company's plan to lend funds to ROYAL SUNWAY DEVELOPMENT CO., LTD.
			7	Passed the proposal to cooperate with the co-owner, Chengshi International Co., Ltd., the construction company, ROYAL SUNWAY DEVELOPMENT CO., LTD.. and the construction company, Chengshi Construction Development Co., Ltd. to develop the Company's land plots No. 55, No. 55-1, No. 70, No.73, and No.74 on Yongfu Section, Tucheng District, New Taipei City.
Board of Directors	2022/11/11	21st term 29th session	1	Reported on the status of new funds lending and endorsements from July to September 2022.
			2	Reported on the execution of internal audit work in September 2022.
			3	Reported on the performance evaluation and implementation results of the operations of the Board of Directors from November 2021 to October 2022.
			4	Approved the Company's 2023 annual audit plan by internal audit.
			5	Passed the proposal on the amendment to certain provisions of the "Procedures for Lending Funds to Others" of Youcheng Financial Leasing Co., Ltd., a subsidiary.
			6	Approved the audit fee proposal for 2022 attesting CPAs.
			7	Passed the proposal on the Company's consolidated financial statements for the third quarter of 2022.
			8	Approved the renewal of the Company's NT$200 million medium-term loan line from KGI Bank.
			9	Approved the proposal to reduce the capital of the subsidiary First Steamship S.A. ("F.S.A." hereinafter).
			10	Approved the proposal to allow the Company to open and maintain a securities trading account with Morton Securities

				Limited.
			11	Passed the proposal to allow subsidiaries Heritage Riches Ltd. (B.V.I.)("H.R.L." hereinafter) and Mariner Far East Ltd. (H.K.)("M.F.E.L." hereinafter) to transfer all of their holding of the shares of DA YU FINANCIAL HOLDINGS LIMITED ("DA YU" hereinafter) to the Company, and to allow the subsidiary First Mariner Holding Ltd. (B.V.I.)("F.M.H.L." hereinafter) to transfer all of its holding of the shares of Sandmartin International Holdings Limited ("Sandmartin" hereinafter) to the Company.
			12	Passed the proposal to have the subsidiary Youcheng Financial Leasing Co., Ltd. ("Youcheng" hereinafter), whose loaning of funds has exceeded the cap, propose a remedy plan, modify its Procedures for Lending to Others, and refrain from engaging in loaning of funds before the completion of the remedy plan.
			13	Passed the proposal to instead appoint Shining Steamship International S.A. ("S.S.I.S.A." hereinafter) and Excellent Steamship International S.A. ("E.S.I.S.A." hereinafter), two 100% owned subsidiaries, to be directors.
Board of Directors	2022/12/15	21st term 30th session	1	Reported on the execution of internal audit work in October 2022
			2	Reported on the Company's progress in GHG emissions inventory and verification.
			3	Reported on the Company's liability insurance coverage for directors, supervisors and key employees.
			4	Passed the proposal to amend the Company's "Internal Control System - Other Management Systems" and "Internal Control Implementation Rules - Other Management System" and formulate its "Procedures for Handling Material Inside Information".
			5	Passed the proposal to reduce the capital of the subsidiary First Steamship S.A. (PANAMA) ("F.S.A." hereinafter).
			6	Passed the proposal to intensify the measuring for monitoring and managing the subsidiary Youcheng Financial Leasing Co., Ltd.
			7	Passed the proposal to allow the Company to pledge its USD time deposits with King's Town Bank for a short-term loan of NT$125 million (Jing-Mei-Li 13 PRO Project)

			8	Approved the subsidiary, First Steamship S.A.' s plan to take out a short-term loan line of US$8 million from Entie Commercial Bank, Ltd., with the Company acting as a joint guarantor.
			9	Approved the Company's operating budget for 2023
			10	Passed the proposal to set up the "Nomination Committee" and formulate the "Nomination Committee Charter".
			11	Passed the Company's proposal to appoint members of the Nomination Committee.
			12	Approved the proposal:The monthly remuneration to directors, independent directors and audit committee members of the Company.
			13	Approved the periodic review of the remuneration of the Company's managerial officers.
Board of Directors	2023/1/16	21st term 31st session	1	Report on the preparation of the Company's financial statements.
			2	Report on the progress of the remedy plan to remedy the deficiency in which the wholly owned subsidiary Youcheng Financial Leasing Co., Ltd. has exceeded the cap on loaning of funds.
			3	Reported on the execution of internal audit work in November and December 2022.
			4	Reported on the execution of the Company's corporate governance in 2022.
			5	Reported on the promotion of the Company' s ethical corporate management and prevention of insider trading in 2022.
			6	Reported on the communication between the Company and the various stakeholders in 2022
			7	Approved the independent judgment on the 2022 attesting CPAs in compliance with the competent authorities
			8	Approved the application by the Company and its subsidiaries to extend loan lines from financial institutions due to business needs in the fourth quarter of 2022.
			9	Approved the cancellation of the limits of lending of funds among the companies of the Group
			10	Approved the subsidiary ROYAL SUNWAY DEVELOPMENT CO., LTD.' s plan to apply for a short-term loan of NT$80 million from China Leasing Co., Ltd., with the Company acting as a joint guarantor.
			11	Approved the Company' s plan to pay the year-end bonus to the managerial officers for 2022.
Board of Directors	2023/2/23	21st term 32nd session	1	Report on the progress of the remedy plan to remedy the deficiency in which the wholly owned subsidiary Youcheng Financial Leasing Co., Ltd. has exceeded the cap on loaning of funds.
			2	Reported on the execution of internal audit work in January 2023.

			3	Approved the proposal to formulate the general principles by which the Company pre-approves non-assurance services.
			4	Approved the proposal to accept the non-assurance service to be provided by KPMG in 2023.
			5	Approved the proposal to instead appoint Excellent Steamship International S.A. (E.S.I.S.A.), a wholly owned subsidiary, to be the Company' s director.
			6	Approved the reassignment or change of directors or supervisors of the Company's reinvested enterprises.
			7	Passed the amendments to certain provisions of the Company' s "Article of Incorporation".
			8	Approved the date, place and agenda of the Annual General Meeting of the Company for 2023, with the exercise of voting rights by written or electronic means.
			9	Approved the matters related to the acceptance of written proposals from shareholders for the 2023 Annual General Meeting of the Company.
			10	Approved the matters related to the acceptance of nomination of director candidates by shareholders for the 2023 Annual General Meeting of the Company.
			11	Approved the plan for the re-election of Company directors.
			12	Approved the proposal to lift the prohibition on the Company' s newly elected directors from competing for business.
Board of Directors	112/3/16	21st term 33nd session	1	Report on the company and its subsidiaries (excluding Grand Ocean Retail Group Ltd. and its subsidiaries) have adopted the International Financial Reporting Standards (IFRS' s) approved by the Financial Supervisory Commission to prepare consolidated financial reports since 2022.
			2	Report on newly increased capital loans and endorsement guarantees from October to December 2022.
			3	Report on the implementation of the capital loan and over-limit improvement plan of Youcheng Financial Leasing Co., Ltd., a 100%-owned subsidiary of the company.
			4	Report on the implementation of internal audit business in February 2023.
			5	By submitting the schedule planning for the greenhouse gas inventory and verification of the subsidiaries of the company.
			6	Approved to issue the company's 2022 "Internal Control System Statement".
			7	Approved to amend some articles of the company's "Organizational Regulations of the Nomination Committee".
			8	Approved the company's 2022 self-consolidated financial statement.
			9	Through the company's fifth repurchase of treasury shares to reduce the base date of the decision.

			10	Approved the extension of the company's endorsement guarantee line for its subsidiary GRAND STEAMSHIP S.A. (extended from July 31, 2023 to July 31, 2026).
			11	Approved to our company, we handled the renewal of NT$100 million short-term loan line with Huanan Bank.
			12	Approved to the extension of First Steamship S.A.'s proposed capital loan and Youcheng Financial Leasing Co., Ltd..
			13	Approved the case of the company's proposed capital loan and Xinshengyang Development Co., Ltd..
			14	Through the subsidiary Xinshengyang Development Co., Ltd. intends to terminate the Feburary 26, 2018 board of directors approved the investment "Nanjing East Road Jiankang Road Dugeng Development Project".
			15	Through the subsidiary Xinshengyang Development Co., Ltd.'s proposed investment in the "Nanjing Healthy Elderly Project" project related matters related to the sale of pre-sale houses.
Board of Directors	112/3/31	21st term 34nd session	1	Reported on the implementation progress of the company's greenhouse gas inventory and verification.
			2	Through the proposed addition of Yihang Co., Ltd.'s "operational procedures related to financial business between related parties", and revision of the "internal control system", "internal audit implementation rules" in the management of related party transactions, the control of related operations related to public information reporting, etc. The content and the "Procedures for Acquiring or Disposing of Assets", "Procedures for Endorsement Guarantee" and "Procedures for Loaning Funds to Others" of 11 shipping companies have been updated.
			3	Approved the company's 2022 year business report and consolidated financial statements.
			4	Approved the company's 2022 year employee and director remuneration payment case.
			5	Approved the company's 2022 year profit and loss supplement proposal.
			6	Through Anhou Jianye United Accounting Firm to replace the company's certified accountant.
			7	Approved to amend part of the text of the company's "Audit Committee Organization Regulations".
			8	Approved to amend part of the text of the company's "Salary and Remuneration Committee Organization Regulations".
			9	Approved to amend some articles of the company's "Board of Directors' Rules of Procedures".
			10	Approved the proposal to amend some articles of the company's "Code of Practice on Corporate Governance".
			11	Approved to amend some articles of the company's "Code of Practice for Sustainable Development".

			12	St. Maarten International Holdings Co., Ltd., an investment company that adopts the equity method, intends to handle cash capital increase (hereinafter referred to as this rights issue). Matters related to the signing of the underwriting agreement by St. Maarten.

(XII) During the last year or the current year up to the date of publication of the annual report, if board directors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XIII) For the last year or the current year up to the date of publication of the annual report, summarize the resignation and discharge of the Company's chairperson, general managers, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer:

March 31, 2023

Title	Name	Date of assuming the job	Date of relieved from the job	Reasons for separation or dismissal
Corporate governance officer (in a concurrent capacity)	Dennis Wai-Tak Yau	2021.12.20	2022.05.16	May 16, 2022 Hsin-Kai Kung Took office as Corporate governance senior manager (full-time)

IV. Information on CPA professional fees

Unit: Thousand NT$

CPA firm	CPA name	CPA audit period	Audit fee	Non-audit fees	Total	Note
KPMG Taiwan	Shu-Ying Chang Li-Chen Lai	2022.1.1~ 2022.12.31	19,868	1,225	21,093	Non-audit fees include the following services: 1. Business registration 2. Tax compliance audit 3. Other financial services fees, etc.

(I) Competency of CPAs (measured by AQIs): Submitted to the 27th meeting of the 2nd Audit Committee and the 29th meeting of the 21th Board of Directors for review.

FIRST STEAMSHIP COMPANY LIMITED

Audit Quality Indicators (AQIs) used to assess the competency of CPAs

2022

Aspect	Category	Item order	Explanation:	Competent or not, as the evaluation indicates	Board of Directors meeting
Aspect 1	Professionalism	Indicator 1-1	Audit experience	Yes	Approved as proposed without objection
		Indicator 1-2	Training hours	Yes	Approved as proposed without objection
		Indicator 1-3	Turnover	Yes	Approved as proposed without objection
		Indicator 1-4	Professional support	Yes	Approved as proposed without objection
Aspect 2	Quality control	Indicator 2-1	CPAs’ work load	Yes	Approved as proposed without objection
		Indicator 2-2	Audit engagement	Yes	Approved as proposed without objection
		Indicator 2-3	Engagement Quality Control Review (EQCR)	Yes	Approved as proposed without objection
		Indicator 2-4	Quality control support capability	Yes	Approved as proposed without objection
Aspect 3	Independence	Indicator 3-1	Non-audit fees	Yes	Approved as proposed without objection
		Indicator 3-2	Familiarity with customers	Yes	Approved as proposed without objection
Aspect 4	Oversight	Indicator 4-1	External inspection deficiency and punishment	Yes	Approved as proposed without objection
		Indicator 4-2	Official letter from the competent authority demanding improvement	Yes	Approved as proposed without objection
Aspect 5	Ability to innovate	Indicator 5-1	Innovative planning or innovation	Yes	Approved as proposed without objection

(II) Independence of CPAs: Submitted to the 29th meeting of the 2nd Audit Committee and the 31st meeting of the 21th Board of Directors for review.

First Steamship Co., Ltd.
The Evaluation Standard of Accountant Independency
12/31/2022

	Evaluation Item	Results	Independency
1	Accountants have direct or indirect relationship of financial interests with the company	NO	YES
2	Accountants provide loans or guarantees to the company or its directors	NO	YES
3	Accountants have close business relationship or potential employment relationship with the company	NO	YES
4	Accountants and its auditing teammates currently serve as directors, managers, or jobs that influence materially on auditing assignments or served as such in the past 2 years.	NO	YES
5	Accountants offer non-auditing services that may directly or indirectly affect auditing assignments to the company	NO	YES
6	Accountants act as intermediary to the shares or other securities issued by the company	NO	YES
7	Accountants serve as the defender of the company or represent for the company to negotiate with others to resolve conflicts.	NO	YES
8	Accountants have kinship relations with the company's directors, managers, or personnel who has great influence over auditing affairs	NO	YES

Approved by : D. Tan.　　Evaluated by : 龔 X 庭

V. Information on the replacement of CPA: None.

VI. Anyone among the Company's chairperson, general managers, or any managerial officers in charge of finance or accounting affairs who have in the last year held a position at the counting firm of the attesting CPA or an affiliate of the accounting firm: None.

VII. Any equity transfer or change in equity pledge by a director, supervisor, managerial officer, or shareholder with 10% stake or more during the last year or during the current year up to the date of publication of the annual report.

(I) Director, supervisor, managerial officer, or shareholder with 10% stake or more

Title	Name	2022		2023 up to March 31	
		Change in shares held	Change in shares pledged	Change in shares held	Change in shares pledged
Chairman	Yonghenghui Investment Co. Ltd. Representative Jen-Hao Kuo	6,336,000 0	9,300,000 0	0 0	0 0
Director	Henghua Investment Co., Ltd. Representative Qing-Hai Ng Chien-Wan Chuang	0 0 0	0 0 0	0 0 0	0 0 0
Director	Xundong Investment Co., Ltd. Representative Dennis Wai-Tak Yau	0 0	0 0	0 0	0 0
Independent director	Tseng-Ping Chao	0	0	0	0
Independent director	Hsin-Kai Kung (resigned on May 16, 2022)	0	0	0	0
Independent director	Jung-Tsung Yang	0	0	0	0
Independent director	Ping-Sum Lui (took office on June 24, 2022)	0	0	0	0
General Manager	Jen-Hao Kuo	0	1,000,000	0	0
CFO, chief accounting officer and corporate governance officer	Dennis Wai-Tak Yau	0	0	0	0
Marine Transportation Business operating officer	Chien-Wan Chuang	0	0	0	0
General Administration Division deputy general manager	Ruei-Da Lin	0	0	0	0

Accounting department senior manager (Accounting officer)	Tzu-Yuan Pei	0	0	0	0
Senior manager, board secretariat	Yen-Ling Lin	0	0	0	0
Investment division senior manager	Hui-Chi Lin	0	0	0	0
Treasury department senior manager	Ko-Hua Chu	0	0	0	0
Corporate governance officer senior manager	Hsin-Kai Kung (appointed on May 16, 2022)	0	0	0	0

(II) If the counterparty to whom the shares are transferred is a related party, the name, relationship with the Company, directors, supervisors, officers and shareholders holding more than 10% of the shares, and the number of shares acquired by such counterparty shall also be disclosed: Not applicable.

(III) If the counterparty to whom the shares are pledged is a related party, the name, relationship with the Company, directors, supervisors, officers and shareholders holding more than 10% of the shares, and the number of shares acquired by such counterparty shall also be disclosed: Not applicable.

Note: Yonghenghui Investment limited was the newly elected juristic-person director on 2020.6.18 and at the time of election, held 15,700,000 shares.

VIII. Information on the relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within the second degree of kinship of another April 18, 2023

Name	Shareholding by the individual		Shareholding of spouse and minor children		Shareholding in the name of others		The name of and relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within the second degree of kinship of another		Note
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Name (or alias)	Relation	
Henghua Investment Co., Ltd.	57,065,945	6.92	0	0	0	0	無	無	無
Person in charge: CHUANG, YUNG-KANG	0	0	0	0	0	0	無	無	
The dedicated account for investment in Leofoo Development Co., Ltd. entrusted to the custody of Capital Securities Corporation	46,359,059	5.62	0	0	0	0	無	無	無
Yonghenghui Investment Co., Ltd.	23,791,000	2.88	0	0	0	0	無	無	無
Responsible person: Jen-Hao Kuo	1,057,006	0.13	0	0	0	0	無	無	
Xundong Investment Co., Ltd.	15,154,441	1.84	0	0	0	0	無	無	無
Person in charge: LI, CHENG-CHI	0	0	0	0	0	0	無	無	
JPMorgan Chase Bank (Taiwan) in custody for Vanguard Emerging Markets Fund Investment Account	10,829,968	1.31	0	0	0	0	無	無	無
JPMorgan Chase Bank (Taiwan) in custody for Advance Starlight Aggregate International Stock Index Fund	9,563,441	1.16	0	0	0	0	無	無	無
Citi Commercial Bank (Taiwan) in custody for DFA Emerging Markets Core Securities Investment Account	4,528,960	0.55	0	0	0	0	無	無	無

Standard Chartered as the custodian of Vanguard FTSE All-World ex-US ETF	3,746,850	0.45	0	0	0	0	無	無	無
JPMorgan Chase Bank (Taiwan) in custody for Advance Trust Stock Index II Investment Account	3,497,000	0.42	0	0	0	0	無	無	無
Citi Commercial Bank (Taiwan) in custody for DFA Sub-fund Emerging Markets Investment Account	2,334,612	0.28	0	0	0	0	無	無	無

IX. The total number of shares and the consolidated equity stake percentage held in any single reinvested enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company

December 31, 2022 Unit: shares; %

Reinvested enterprises	Investment by the Company		Directors, supervisors, managerial officers, and investments controlled either directly or indirectly		Total investment	
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)
Yee Young Investment Co., Ltd.	1,450,000	100.00	-	-	1,450,000	100.00
ROYAL SUNWAY DEVELOPMENT CO., LTD.	16,500,000	55.00	-	-	16,500,000	55.00
First Steamship S.A.	594	100.00	-	-	594	100.00
First Mariner Holding Ltd.	50,224,000	100.00	-	-	50,224,000	100.00
Praise Maritime S.A.	185,000	100.00	-	-	185,000	100.00
Longevity Navigation S.A.	135,000	100.00	-	-	135,000	100.00
Best Steamship S.A.	170,000	100.00	-	-	170,000	100.00
Grand Steamship S.A.	170,000	100.00	-	-	170,000	100.00
Black Sea Steamship S.A.	110,000	100.00	-	-	110,000	100.00
Ship Bulker Steamship S.A.	135,000	100.00	-	-	135,000	100.00
Reliance Steamship S.A.	130,000	100.00	-	-	130,000	100.00
Alliance Steamship S.A.	130,000	100.00	-	-	130,000	100.00
Sure Success Steamship S.A.	155,000	100.00	-	-	155,000	100.00
Shining Steamship International S.A.	96,000	100.00	-	-	96,000	100.00
Excellent Steamship International S.A.	90,000	100.00	-	-	90,000	100.00
DA YU FINANCIAL HOLDINGS LIMITED	331,660,000	29.11	-	-	331,660,000	29.11
Grand Ocean Retail Group Ltd.	19,552,000	10.00	95,060,000	48.62	114,612,000	58.62
Sandmartin International Holdings Limited	124,950,000	25.39	17,678,902	3.59	142,628,902	28.98
Jia Wang Asset Development Co., Ltd.	–	–	980,000	49.00	980,000	49.00
Ahead Capital Ltd.	–	–	1,550	100.00	1,550	100.00
Media Assets Global Ltd.	–	–	50,000	100.00	50,000	100.00
Heritage Riches Ltd.	–	–	500	100.00	500	100.00
Nature Sources Ltd.	–	–	8,430,000	100.00	8,430,000	100.00
First Mariner Capital Ltd.	–	–	33,762,000	100.00	33,762,000	100.00
Mariner Far East Ltd.	–	–	3,800,000	100.00	3,800,000	100.00
Mariner Capital Ltd.	–	–	28,010,000	100.00	28,010,000	100.00
Mariner Finance Ltd.	–	–	Not applicable	100.00	Not applicable	100.00

Four. Capital Raising

I. Company capital and shares

(I) Source of capital

Year and Month	Issue price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount (NT$1)	Number of shares	Amount (NT$1)	Source of share capital (NT$1)	Using property other than cash as payment of shares	Others
2001.12		520 million	5.2 billion	441,622,500	4,416,225,000	-	0	
2002.08		520 million	5.2 billion	211,993,334	2,119,933,340	Capital reduction 2,296,291,660	0	Note 1
2003.02	＊2.8	520 million	5.2 billion	370,564,759	3,705,647,590	＊Cash capital increase by private placement 1,585,714,250	0	Note 2
2004.02		520 million	5.2 billion	243,192,314	2,431,923,140	Capital reduction 1,273,724,450	0	Note 3 Note 4
2004.02	10	520 million	5.2 billion	244,188,000	2,441,880,000	＊Cash capital increase by private placement 9,956,860	0	Note 4
2009.08	10	520 million	5.2 billion	268,606,800	2,686,068,000	Capital increase by retained earnings 244,188,000	0	Note 5
2010.03	43.9	520 million	5.2 billion	269,342,562	2,693,425,620	Conversion of overseas corporate bonds into shares of 7,357,620	0	Note 6
2010.08	43.9	520 million	5.2 billion	272,506,337	2,725,063,370	Conversion of overseas corporate bonds into shares of 31,637,750	0	Note 7
2010.12	43.2	520 million	5.2 billion	275,187,965	2,751,879,650	Conversion of overseas corporate bonds into shares of 26,816,280	0	Note 8
2011.04	43.2	520 million	5.2 billion	277,211,792	2,772,117,920	Retirement of treasury shares of 16,000,000 Conversion of overseas corporate bonds into shares of 36,238,270.	0	Note 9
2011.06	43.2	520 million	5.2 billion	279,023,706	2,790,237,060	Conversion of overseas corporate bonds into shares of 18,119,140.	0	Note 10

2011.08	43.2	520 million	5.2 billion	280,182,150	2,801,821,500	Retirement of treasury shares 21,030,000 Conversion of overseas corporate bonds into shares of 32,614,440.	0	Note 11
2011.12		520 million	5.2 billion	277,617,150	2,776,171,500	Retirement of treasury shares 25,650,000	0	Note 12
2013.01	22	520 million	5.2 billion	377,617,150	3,776,171,500	Cash capital increase of 1,000,000,000	0	Note 13
2016.08		520 million	5.2 billion	370,883,150	3,708,831,500	Retirement of treasury shares 67,340,000	0	Note 14
2017.08	7.6	800 million	8 billion	630,883,150	6,308,831,500	Cash capital increase of 2,600,000,000	0	Note 15
2020.11		1.2 billion	12 billion	686,762,634	6,867,626,340	Capital increase by retained earnings of 558,794,840	0	Note 16
2021.04		1.2 billion	12 billion	745,968,008	7,459,680,080	Conversion of overseas corporate bonds into 59,205,374 shares	0	Note 17
2021.07		1.2 billion	12 billion	790,372,038	7,903,720,380	Conversion of overseas corporate bonds into 44,404,030 shares	0	Note 18
2021.09		1.2 billion	12 billion	834,776,067	8,347,760,670	Conversion of overseas corporate bonds into 44,404,029 shares	0	Note 19
2023.04		1.2 billion	12 billion	824,776,067	8,247,760,670	Retirement of treasury shares 10,000,000	0	Note 20

Note 1: (1) Approved on 2002.7.30 with Letter Tai-Cai-Zheng-Yi-Zi No. 0910131595

(2) Approved on 2002.9.9 with Letter Jing-Shou-Shang-Zi No. 09101358450.

Note 2: Approved on 2003.3.20 with Letter Jing-Shou-Shang-Zi No. 09201075240

Note 3: Approved on 2004.1.27 with Letter Tai-Cai-Zheng-Yi-Zi No. 0930101443.

Note 4: Approved on 2004.3.2 with Letter Jing-Shou-Shang-Zi No. 09301032480.

Note 5: Approved on 2009.8.25 with Letter Jing-Shou-Shang-Zi No. 09801193130.

Note 6: Approved on 2010.5.03 with Letter Jing-Shou-Shang-Zi No. 09901089020.

Note 7: Approved on 2010.9.23 with Letter Jing-Shou-Shang-Zi No. 09901213260.

Note 8: Approved in 2011.2 with Letter Jing-Shou-Shang-Zi No. 10001025230.

Note 9: Approved in 2011.4 with Letter Jing-Shou-Shang-Zi No. 10001083570.

Note 10: Approved in 2011.6 with Letter Jing-Shou-Shang-Zi No. 10001130930.

Note 11: Approved in 2011.9 with Letter Jing-Shou-Shang-Zi No. 10001213270.

Note 12: Approved in 2012.1 with Letter Jing-Shou-Shang-Zi No. 10101004750.

Note 13: Approved in 2013.2 with Letter Jing-Shou-Shang-Zi No. 10201023280.

Note 14: Approved in 2016.8 with Letter Jing-Shou-Shang-Zi No. 10501197110.

Note 15: Approved in 2017.6 with Letter Jing-Shou-Shang-Zi No. 10601071930.

Note 16: Approved in 2020.11 with Letter Jing-Shou-Shang-Zi No. 10901211790.
Note 17: Approved in 2021.4 with Letter Jing-Shou-Shang-Zi No. 11001066170
Note 18: Approved in 2021.8 with Letter Jing-Shou-Shang-Zi No. 11001127950
Note 19: Approved in 2021.9 with Letter Jing-Shou-Shang-Zi No. 11001173680
Note 20: Approved in 2023.4 with Letter Jing-Shou-Shang-Zi No. 11230057560

Share type	Authorized capital stock					Remarks
	Outstanding shares			Unissued shares	Total	
	Already listed	Not listed	Total			
Common stock	824,776,067	-	8,247,760,670	375,223,933	1,200,000,000	-

Note: The Company does not use the shelf registration system for the issuance of marketable securities.

(II) Shareholder structure

April 18, 2023

Shareholder structure / Quantity	Governance agency	Financial institution	Another juristic person	Individual	Foreign institution and individual	Total
Number of persons	3	1	240	126, 422	151	126, 817
Shareholding	6, 112	378	101, 517, 073	623, 320, 893	99, 931, 611	824, 776, 067
Shareholding (%)	0. 00	0. 00	12. 31	75. 57	12. 12	100. 00

(III) Equity dispersion profile

1. Common stock, with a face value of NT$10 per share April 18, 2023

Shareholding range	Number of shareholders	Shareholding	Shareholding %
1 to 999	42,979	5,399,330	0.65
1,000 to 5,000	60,145	136,669,869	16.57
5,001 to 10,000	12,481	100,722,242	12.21
10,001 to 15,000	3,658	46,730,702	5.67
15,001 to 20,000	2,642	49,644,050	6.02
20,001 to 30,000	2,002	51,751,121	6.27
30,001 to 40,000	915	32,887,607	3.99
40,001 to 50,000	608	28,478,829	3.45
50,001 to 100,000	858	60,552,064	7.34
100,001 to 200,000	325	46,170,488	5.60
200,001 to 400,000	126	34,412,908	4.17
400,001 to 600,000	31	15,768,376	1.91
600,001 to 800,000	7	4,640,965	0.56

800,001 to 1,000,000	15	14,009,683	1.70
1,000,001 to	25	196,937,833	23.89
Total	126,817	824,776,067	100.00

2. Preferred stock: None

(IV) List of major shareholders

April 18, 2023

Shares / Name of major shareholder	Shareholding	Shareholding (%)
The person in charge of Henghua Investment Co., Ltd.: Yung-Kang Chuang	57,065,945	6.92
The dedicated account for investment in Leofoo Development Co., Ltd. entrusted to the custody of Capital Securities Corporation	46,359,059	5.62
The person in charge Yonghenghui Investment Co., Ltd.: Jen-Hao Kuo	23,791,000	2.88
The person in charge Xundong Investment Co., Ltd.: Cheng-Chi Li	15,154,441	1.84
JPMorgan Chase Bank (Taiwan) in custody for Vanguard Emerging Markets Fund Investment Account	10,829,968	1.31
JPMorgan Chase Bank (Taiwan) in custody for Advance Starlight Aggregate International Stock Index Fund	9,563,441	1.16
Citi Commercial Bank (Taiwan) in custody for DFA Emerging Markets Core Securities Investment Account	4,528,960	0.55
Standard Chartered as the custodian of Vanguard FTSE All-World ex-US ETFStandard Chartered as the custodian of Vanguard FTSE All-World ex-US ETF	3,746,850	0.45
JPMorgan Chase Bank (Taiwan) in custody for Advance Trust Stock Index II Investment Account	3,497,000	0.42
Citi Commercial Bank (Taiwan) in custody for DFA Sub-fund Emerging Markets Investment Account	2,334,612	0.28
Total	176,871,276	21.44

(V) Information on market price, net worth, earnings, dividend per share for the last two years

Unit: NT$; shares

Item			2021	2022
Market price per share (Note 1)	Highest		26.5	13.15
	Lowest		8.85	7.90
	Average		13.94	10.06
Net worth per share (Note 2)	Before distribution		11.90	12.76
	After distribution		11.90	12.76
Earnings per share	Weighted average number of shares		764,513,455	824,776,067
	Earnings per share	Before adjustment	0.20	0.01
		After adjustment (Note 3)	0.20	0.01
Dividend per share	Cash dividend		-	-
	Stock dividend	Stock dividend from retained earnings	-	-
		Stock dividends by capital surplus	-	-
	Cumulative unpaid dividend (Note 4)		-	-
Return on investment analysis	Price to earning ratio (Note 5)	Before adjustment	69.70	1,006.00
		After adjustment (Note 3)	69.70	1,006.00
	Price to earning ratio (Note 6)		-	-
	Price to earning ratio (Note 7)		-	-

* In the event retained earnings or capital surplus is used for stock dividends to increase capital, information on market price and cash dividends adjusted retrospectively based on the number of shares issued should be disclosed.

Note 1: List the highest and lowest market prices of each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Please fill it in based on the number of shares issued by the end of the year and the proposed distribution to be resolved at next year's shareholder meeting.

Note 3: If there is a retroactive adjustment due to circumstances such as stock dividend, etc., earnings per share before and after the adjustment should be shown.

Note 4: If the terms of issuance of equity securities provide that the unpaid dividends of the current year may be accumulated till the year when there are earnings, the accumulated unpaid dividends till the current year should be disclosed separately.

Note 5: Price to earning ratio = average closing price per share for the year/earnings per share.

Note 6: Price to dividend ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = dividend per share/average closing price per share for the year

Note 8: Reason for modification in 2020: Since the subsidiaries accounted for using equity method did not qualify as Non-current Assets Held for Sale, they ceased to be classified as Non-current Assets Held for Sale according to IFRS 5; therefore, the financial Statements for comparative periods were adjusted accordingly.

(VI) Dividend policy and implementation

1. If the result of the final accounting close concludes the Company makes profits for the period, it should first make up for the accumulated losses, then allocate 10% as legal reserve according to law except when the legal reserve has reached the amount of the Company's paid-in capital. .

   Then, the special reserve is provided for or reversed as required by law or by the competent authority. The Board of Directors shall prepare a proposal for distributing the remaining earnings, together with the cumulative unappropriated earnings at the beginning of the period, and submit it to the shareholder meeting for resolution.

   The Company's dividend policy is established with reference to the current and future industry dynamics, capital requirements and financial structure. It stipulates that the distributable earnings, unless otherwise reserved, may be paid out in the form of stock dividends or cash dividends, with the cash dividends not less than 10% of the total dividends.

2. Proposal of dividend distribution at the shareholder meeting

   On March 31, 2023, the company's board of directors resolved on the proposal to profit or loss make-up for 2022. The company's undistributed profit at the beginning of the period was 0 , and the net profit after tax in 2022 was 6,034,083 , and remeasurements of defined benefit plans was $1,376,177, and in accordance with the provisions of the Securities Act, the Company's other shareholders' equity deduction requirements disappear and reverse the "Special reserves" of $329,944,063; deducting the statutory surplus reserve of 741,026 in accordance with the company law and the articles of association, the distributable surplus was 336,613,297. No dividends were distributed in order to enrich working capital. After the resolution of the 2023 annual general meeting on June 16, 2023 is passed, it will be handled in accordance with relevant regulations.

3. Expected significant changes in dividend policy: None.

(VII) The effect of the stock dividends to be resolved at the shareholder meeting on the Company's operating performance and earnings per share.

Not applicable, because the Company did not disclose a financial forecast for 2022.

(VIII) Correlation of the remuneration to directors, supervisors, and employees with the evaluation of their performance

1. The percentage or range of profits sharing with employees, directors and supervisors as set forth in the Company's Article of Incorporation are as follows.

   If the Company makes profits during the year (profits before tax minus the distribution of profits sharing with employees, directors and supervisors), no less than 1% should be appropriated for employee profits sharing and no more than 3% for director and supervisor profits sharing. However, if the Company still has accumulated losses, it should reserve the make-up amount in advance.

   The aforementioned employee profits sharing may be in the form of stock or cash and may be paid to employees of the subordinate companies who meet the criteria set by the

Board of Directors. Profits sharing with directors can only be in the form of cash.

2. The basis for estimating the amount in profits sharing with employees, directors and supervisors for the current period, the basis for calculating the number of shares distributed as employee profits sharing, and the accounting treatment if the actual amount of distribution differs from the estimated amount.

   Profits sharing with employees, directors and supervisors is based on profits before tax before the distribution of profits sharing with employees, directors and supervisors, with no less than 1% as employee profits sharing and no more than 3% as director and supervisor profits sharing. If there is a significant change in the amount of distribution resolved by the Board of Directors before the Board of Directors approves the annual financial statements, the amount difference is posted as an adjustment to the original expense for the year. If there is still a change in the amount after the Board of Directors' approval of the annual financial statements, the amount difference is treated as a change in accounting estimate and posted to the following year. If the Board of Directors resolves to pay stock for employee profits sharing, the basis for calculating the number of shares is the closing price on the day before the Board of Directors' resolution, taking into account the ex-dividends effect.

3. Distribution of profits sharing approved by the Board of Directors.

   (1) Amount of profits sharing with employees, directors and supervisors distributed in cash or stock. If there is a difference from the amount estimated in the year in which the expense is recognized, the amount of the difference, the reason for the difference, and the treatment of the difference shall be disclosed.

   According to the Company’s Articles of Incorporation, if the Company has earnings, it shall distribute remuneration to employees, directors, and supervisors in cash as required. The estimated remuneration to employees and directors for 2022 was 12 thousand and 0, respectively.

   (2) The proposed amount of stock-based profits sharing with employees and its proportion to the net profits after-tax and total profits sharing amount to employees for the period: Not applicable.

4. The difference between the actual amount of profits sharing with employees, directors and supervisors in the previous year (including the number of shares distributed, the amount and the price of the shares) and the recognized amount of profits sharing with employees, directors and supervisors, the reasons for the difference and the treatment of the difference should be described.

   No remuneration is estimated for employees, directors, or supervisors because the Company was in a loss in 2022.

   The employee remuneration and director and supervisor remuneration provided for 2021 are 3,467 thousand and 0 respectively. There is no difference between the company's estimated amount and the actual distribution situation.

5. According to Article 25 of the Articles of Incorporation, the Company shall pay

compensation to directors for their performance of duties based on the extent of their participation in the Company's operations and the value of their contributions, and with reference to the usual standard in the industry in accordance with the Company's Article of Incorporation. In addition, according to Article 25 and Article 31 of the Articles of Incorporation, if the Company has earnings in a given year, it shall allocate no greater than 3% of such profits as director remuneration. Independent directors are not allowed to participate in the distribution of directors' remuneration. The Company assesses directors' remuneration regularly by its "Rules for Performance Evaluation of Board of Directors". The assessment scope includes five indicators, namely, grasp of company goals and tasks, awareness of the duties of a director, extent of participation in the Company's operations, internal relation management and communication, professional and continuing education of directors, and internal control. The performance of the Chairperson is measured by looking at the operating performance indicators and sustainable development indicators. The assessment scope includes the financial statements and sustainability report. The reasonability of performance evaluation and remuneration is regularly reviewed by the Remuneration Committee and the Board of Directors.

Remuneration to managers are determined by the Company's "Regulations for Management of Remuneration to Directors and Managers", taking into account the prevailing remuneration and welfare standards in Taiwan's Human Resources market and among industry peers Appointed managers shall receive a salary that matches their title, job, education, experience, professional competency, and duties. The scope of regular assessment includes extent of contribution to the Company's profits, work fulfillment rate, cost awareness, work quality , and coordination, based on which reasonable compensation is given. The remuneration system for directors and managers will be reviewed in a timely manner is so required by operating circumstances or relevant laws and regulations.

6. The operating achievements are properly reflected on employees' salary.

To meet the regulatory welfare requirements and formulate a fair, transparent remuneration policy, FIRST STEAMSHIP, aside from providing a remuneration system that is both assuring and stimulating, also offers generous benefits so that employees can concentrate on work and big bonus so that employees can continue to improve themselves.

(1). Fair and just remuneration standards correlated with occupational competency

(2). Regular, transparent performance evaluation and bonus systems.

(3). Employee welfare guaranteed by the welfare unit.

(4). Defined pension contributions meeting the legal requirements.

According to Article 31 of the Company's Articles of Incorporation, if the Company makes profits during the year (i.e., profits before tax inclusive of profits to be distributed as employee compensation and director compensation), no less than 1% of such profits should be appropriated as employee compensation, aiming to share the Company’s operating profits with employees according to their performance, so that their remuneration will grow in tandem with the Company’s operating performance. In addition, the Company has put in place some internal regulations, e.g., Code of Ethical Conduct, and Ethical Corporate Management Best Practice Principles, so as to align employees’ conduct with legal requirements, thereby facilitating sustainable development.

7. Set a succession plan for members of the Board of Directors and the key management

Succession plan for the key management and the operation thereof: The Company has executive participate in the Board of Directors’ operation the familiarize them with the operation of the Board of Directors and the important business of each unit. To meet the requirements for organizational development and growth, aside from recruiting excellent executives from outside, the Company also aggressively cultivates potential managers by offering one-on-one mentoring to pass on experience, and by arranging trainings, so as to foster business administration talents for the future.

8. Practice diversity and equality at workplace

The Company offers equal access to men and women alike to promotion. In 2022, female employees accounted for 53.49% of total employees, and female managers accounted for 46.67% of all managers.

(IX) Repurchases of the Company’s shares:

The repurchase of the Company's shares for the last year and the current year up to the date of publication of the annual report are as follows.

March 31, 2023

Repurchase session	5th session
Purpose of repurchase	Transfer of shares to employees
Repurchase period	February 6, 2020 ~ April 5, 2020
Repurchase price interval	NT$8.5 to NT$9.9 per share
Type and number of shares repurchased	Common stock 10,000,000 shares
Amount of shares repurchased	NT$94,490,850
Number of shares repurchased as a percentage of the number of shares scheduled to be repurchased (%)	100%
Number of shares retired and transferred	10,000,000 shares
Cumulative number of shares held of the Company	0 share
Cumulative number of shares held of the Company as a percentage to the total number of shares issued of the	0%

Company (%)	

Note：Deregistration would be completed in April 2023，Approved in 2023.4.11 with Letter Jing-Shou-Shang-Zi No. 11230057560。

II. Issuance of corporate bonds: None

III. Issuance of corporate bonds: None

IV. Issuance of overseas depository receipts: None

V. Employee stock option plan: None

VI. Employee restricted stock: None

VII. Mergers and acquisitions (including consolidations, acquisitions and divisions) or issuance of new shares due to acquisition of shares of other companies: None.

VIII. Financing planning and implementation: None.

Five. Operation Overview

I. Business content

(I) Business Scope

1. The main contents of the business are as follows.
   (1) F111090 Wholesale of Building Materials.
   (2) F113010 Wholesale of Machinery.
   (3) F113030 Wholesale of Precision Instruments.
   (4) F114010 Wholesale of Motor Vehicles.
   (5) F114060 Wholesale of Ship and Component Parts.
   (6) F211010 Retail Sale of Building Materials.
   (7) F213040 Retail Sale of Precision Instruments.
   (8) F213080 Retail Sale of Machinery and Tools.
   (9) F214010 Retail Sale of Motor Vehicles.
   (10) F401010 International Trade.
   (11) G801010 Warehousing.
   (12) H201010 Investment.
   (13) H701010 Housing and Building Development and Rental.
   (14) H701020 Industrial Factory Development and Rental.
   (15) H701040 Specific Area Development.
   (16) H701050 Investment, Development and Construction in Public Construction.
   (17) H701060 New Towns, New Community Development.
   (18) H703090 Real Estate Business.
   (19) H703100 Real Estate Leasing.
   (20) I101120 Shipbuilding Consulting.
   (21) I102010 Investment Consulting.
   (22) I103060 Management Consulting.
   (23) I401010 General Advertisement Service.
   (24) JB01010 Conference and Exhibition Services.
   (25) JJE01010 Rental and Leasing.
   (26) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business proportion (%):

Parent company only — Unit: Thousand NT$

Item	2021		2022	
	Amount	%	Amount	%
Agency income	68,606	89.21	74,490	84.79
Rental income	8,296	10.79	8,619	9.81
Consulting Services Income	-	-	4,745	5.40
Total	76,902	100.00	87,854	100.00

Consolidated Unit: Thousand NT$

Item	2021		2022	
	Amount	%	Amount	%
Commission income (department store revenues - associated operations)	1,695,646	24.48	1,224,769	19.36
Merchandise sales (department store revenues - self operated)	1,546,443	22.33	825,508	13.05
Rental income	2,566,746	37.06	3,262,685	51.58
Interest income from financial leasing	84,689	1.22	25,460	0.40
Service income and others	1,032,450	14.91	987,621	15.61
Total	6,925,974	100.00	6,326,043	100.00

3. Current main services and new products and services planned to be developed

Marine Transportation Business

The Company's marine transportation business is international dry bulk cargo transportation, with cope of operation spanning various secure ports around the world, providing bulk cargo transportation and vessel leasing services to customers from time to time and mainly transporting bulk materials such as grain, ore, coal, fertilizer and other raw materials. At present, the Group has 11 operating vessels, including 5 Kamsarmax, 2 Lightweight and 4 Supramax vessels, which are on period charter, voyage charter, bareboat charter or syndicated charter to provide stable, safe and economical transportation services in seaworthy ports around the world from time to time.

The Group currently has the following operating vessels:

Vessel name	Vessel type	Weight tonnage	Vessel registration
Ever Imperial	Kamsarmax	85,025	Panama
Ever Best	Kamsarmax	81,717	Panama
Ever Grand	Kamsarmax	81,688	Panama
Ever Shining	Kamsarmax	81,842	Liberia
Ever Excellent	Kamsarmax	81,935	Liberia
Ever Alliance	Supramax	57,991	Panama
Ever Reliance	Supramax	57,991	Panama
Ever Success	Supramax	58,086	Panama
Medi Aero	Supramax	57,517	Panama
Ever Brilliant	Handy	28,367	Panama
Ever Gallant	Handy	28,206	Panama

New products and services planned to be developed: None.

Department Store Business

1The main contents of the business are as follows.

Grand Ocean Department Store Group Co., Ltd. in China is the Company's major operation; Grand Ocean Department Store Group Co., Ltd. is engaged in retail business at a department store, and mainly sells apparel, jewelry, cosmetics, shoes, sporting goods, home appliance, and others. As a secondary business, it is also engaged in catering, supermarkets, beauty care, hair salon, SPA for women, entertainment for children, dancing classroom, and cinema at a department store, in addition to online retail. The Group mainly sales to general consumers in China's first-, second-, and third-tier cities. The Group's revenue mainly comes from three sources: revenue from joint ventures at the counter, direct sale at the counter and counter rental, and other revenue and consulting and management fees.

2Main products and business proportion

Unit: Thousand NT$; %

Main products	2021		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Counter joint operation	1,695,646	32.87	1,224,769	29.51%
Counter direct sale	1,546,443	29.97	825,508	19.89%
Rental, other income and management consulting fees	1,917,336	37.16	2,099,865	50.60%
Total	5,159,425	100.00	4,150,142	100.00%

3Current products of the Company: Same as 1.

4New products and services to be developed in the future:

"The retail enhancement and the experience refinement." On the basis of the advantageous departments of the major stores, brand abundance will be improved continuously. By refining the experience format, the market share is seized further; the management store model is developed to increase the revenues from business management consulting fees; the functions of the online boundary-free retail department are exerted fully, and the effective collaborations are conducted with vendors, to finely classify, manage and upgrade the Group's members and the Weimall system continuously; the merchant recruitment department is combined with to find dynamic brands in the market for partnership, and continue to increase entertainment, education and training, boutique supermarkets, and leading food and beverage brands with outstanding performance in the market.

(II) Industry Overview

1. Current state and development of the industry

Marine Transportation Business

Since 2020, the COVID-19 pandemic ravaged the world. All countries adopted the lockdown policy, which seriously affected people's free movement and severely set back the development of the global economy. Major economic powerhouses such as the United States, Japan, China, Germany, and Russia, etc. all sacrificed economic and financial development while preventing the spread of the pandemic in their countries. Unemployment rose sharply, domestic consumption shrank, the overall macro economy plummeted, crude oil prices plunged, and trade volumes decreased.

The international dry bulk freight market was affected by the negative growth of the global economy caused by the COVID-19 pandemic, and the freight rates were also fluctuating sharply. The pandemic has caused major shipbuilding countries to delay or cancel ship deliveries, and the reduced supply of vessels has eased the downward pressure on the market. The steady growth in demand for grains and iron ore and the decline in fuel oil prices also added some momentum to the market, contributing to a strong rebound in the freight market in July and in the second half of the year, the freight rate finally broke away from the negative shadow. On the whole, the annual freight rate showed a trend of low first and high afterwards.

In response to the fluctuations in the international dry bulk marine transportation market, the fleet is operated on a short and long term charter basis. The marine fleet consists of 11vessels, all within 10 years of age, 4 of which are operated under profitable long-term contracts and 7 of which are operated under charter or in association with a joint fleet. The combination of the two operating strategies has enabled the marine transportation business to grow steadily in an uncertain environment.

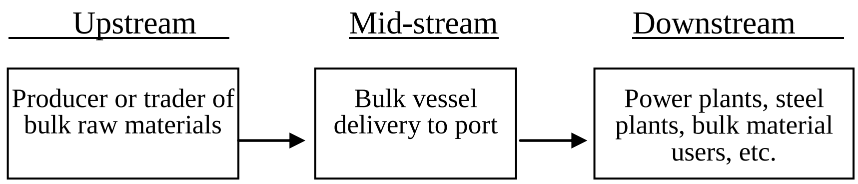
Department Store Business

In 2022, China’s GDP is RMB121 trillion, transcending the barrier of RMB120 trillion, or grew 3.0% year-on-year on the constant price basis. If translated at the annual average exchange rate, the total GDP is about USD18 trillion, ranking second in the world. Among them, RMB63.9 trillion was added to the value of the tertiary industry, or an increase of 2.3%, driving the economic growth by 1.3 percentage points. The ratio of the added value of the tertiary industry to GDP fell by 0.7 percentage points, mainly due to the impact of the pandemic. In the fourth quarter of 2022, GDP was RMB33.6 trillion, an increase of 2.9% year-on-year on the constant price basis, but dropping from the third quarter.

Regarding the retail sales of consumer goods, in 2022, the total retail sales of consumer goods was RMB44 trillion, declining 0.2% from the previous year. Among which, the retail sales of consumer goods ex-automobiles reached RMB39.4 trillion, a decrease of 0.4%. For the data for December 2022 alone: the total retail sales of consumer goods was RMB4.1 trillion, dropping by 1.8% year-on-year. Among which, the retail sales of consumer goods ex-automobiles were RMB3.5 trillion, declining by 2.6%. In terms of retail formats, in 2022, the retail sales of supermarkets, convenience stores, specialty stores, and franchised stores among the retail entities exceeding limits grew by 3.0%, 3.7%, 3.5%, and 0.2% year-on-year, respectively; but department stores fell by 9.3%.

2. Correlations of upstream, midstream and downstream industries.

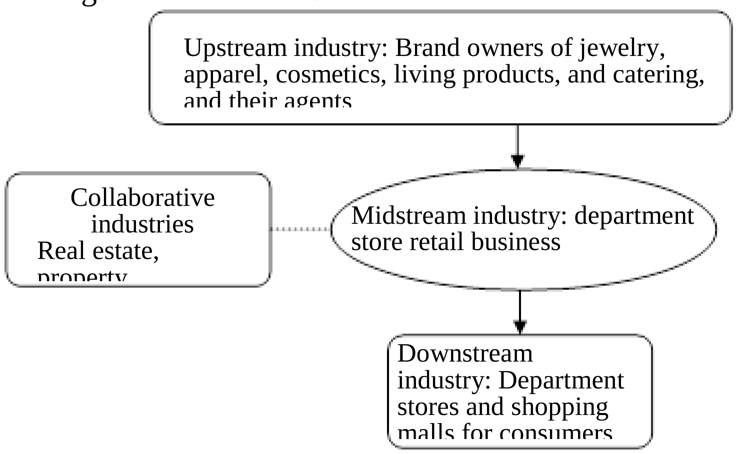
Marine Transportation Business



International bulk marine shipping is a transportation service industry, mainly for bulk cargo delivery. Unlike the general manufacturing industry, there is no obvious relationship between upstream, midstream and downstream as there is no production process or supply of major raw materials similar to that of general products.

Department Store Business

The Company is a professional department store, and is mainly engaged in leasing commercial property and department store floor to provide a business premises for brands and end consumers. Main business model: By working with the real estate industry and property management companies, the Company sets up space for department store; the Company then invite brands or their distributors to sell their products at the Company department store counters to consumers. Therefore, the relationship of the upstream, mid-stream, and downstream of the industry to which the Company belongs to is as follows:



Data source: Compiled by Yuanta Securities Co., Ltd.

3. Development trends of products

Marine Transportation Business

The global shipbuilding industry has returned to stability, and shipyards, to attract shipowners to order new ships, are designing ships with larger weight tonnage and more environmentally friendly and diverse structures to meet the demand with advanced design concepts. The host and auxiliary machines of the ship are oriented toward speed economy and minimum fuel consumption to reduce operating costs and at the same time, also to meet the environmental requirements of energy saving and carbon reduction.

Department Store Business

With the continuous innovation and breakthrough of the traditional retail model along the tide of new Internet technologies, the development of the industrial chain in the retail industry has found a new direction, and it has been upgraded to a new retail business model with the help of new Internet technologies. The vigorous development of the new retail industry also confirms that the traditional marketing patterns are hardly able to meet the needs of consumers in the new retail era for satisfying the psychological demands of the consumer population. The development trends of the retail industry now are analyzed from six major aspects.

(1) The retail industry will accelerate its adaptation to market changes

To respond to the rapidly changing market, commerce is shifting from mindset prioritizing the product channels to the consumer-oriented development. The constructions of new retail e-commerce system platforms will feature more self-learning and self-adaptive: the focus of commercial development will be shifted from the urban downtown to residential communities, and more retail brands with urban features and regional characteristics will appear in the consumer merchandise market, changing the phenomenon of "undistinguishable stores, undistinguishable merchandise."

(2) Fusion of technology, fashion and lifestyle

First of all, retailers adopt a series of smart applications such as digital signage, electronic fitting rooms, smart positioning, self-service terminals and VR displays to bring the brand new intellectual and scenario-based shopping experience to consumers. Secondly, product functions will remain fast and repetitive computation, and the access to high-tech products will become a new way for consumers to acquire knowledge and demonstrate their personality. Thirdly, retail brands will communicate their brand cultures and brand positioning to consumers more clearly. The purpose of product display is to display lifestyles, and the product categories in a single store will be richer.

(3) Fusion of high-quality goods, services and cultures

China is transforming from a world factory into a world market, and the market of consumer goods still has great growth potential. Brand owners and retailers will seize the development opportunities in the domestic market to build consumers' confidence in local brands and local retailers from three aspects: insisting the self-confidence to cultures, deeply cultivating the domestic market, purifying the market environment, building an ethical retail system, and returning to the spirit of craftsmanship.

(4) Further incorporation of virtuality and reality

With the rapid penetration of mobile Internet, the growth rate of Internet users in China is slowing down. The next focus of competition for e-commerce will be shifted from attracting traffic to tapping customers' consumption potential: improving product and service quality, reducing the rate of negative reviews, and increasing user loyalty; actively deploy offline outlets; through mergers and acquisitions, cross-shareholdings, the interests of e-commerce and brick-and-mortar stores are bundled to have a win-win stage for the incorporation of virtuality and reality.

(5) Various business formats will be developed in the aggregated and ecological manner

The business environment where the new retail e-commerce platforms to be built in the future will continue to develop toward aggregation and ecology: by being centered on community consumption needs, service consumption needs, and business needs of retail giants, functions such as finance, logistics, and consulting will be more further divided, and the production and service enterprises more professional will develop ecologically, to improve the operating efficiency of large retailers and the quality of residents' consumption.

(6) The social characteristics of the retail industry will become more apparent

In the information era, the information gap between merchants and consumers has been gradually narrowed, and the effect of one-way communication mainly based on advertising has been declining. Word-of-mouth and trust have become key factors for retail brands to be recognized by consumers. Hence, retailers will continue to improve their social attributes by using mainstream social platforms such as WeChat, Weibo, Dianping, and Xiaohongshu, and build a consumer circle by maintaining highly frequent interactions with consumers. Retail will gradually move from concept to reality, and the overall size of the retail market will continue to expand in 2023. Since the outbreak of the pandemic, consumers have gradually realized the importance of “delivery at order”. Under this consumption pattern as a new norm, retailers have both opportunities and challenges.

4. Competition situation of products

Marine Transportation Business

The COVID-19 vaccination were launched in many countries, reducing the risk of global infection and the threat of death. The global pandemic slowed down and economic activities started to resume, and all parties were relatively optimistic about economic expectations. The return to normal trade in the U.S. and major economies and the increase in demand for bulk cargos such as coal and iron ore were driving the marine transportation market to gain traction, boosting vessel owners' confidence and keeping freight rates up, giving confidence in the trend of dry bulk cargo prices.

In response to the uncertain factors and changes in the market, the FIRST STEAMSHIP fleet has been able to reduce operating costs, eliminate outdated vessels, and improve operating efficiency with its stability and strength. And will purchase new types of vessels that meet future regulatory requirements at the right time and seek reputable charterers in the market to sign stable and profitable contracts in order to enhance fleet capacity and improve the competitiveness in the marine transportation market.

Department Store Business

According to the statistics of “linkshop.com”, as of now, 28 listed department store operators have disclosed their 2022 results. Among them, only Xinhua Department Store, Guofang Group, Ningbo Zhongbai, and Baida Group have achieved growth. The losses of AEON and Dalian Friendship have been narrowed, the remaining 22 operators have declined to different level, and 17 operators had losses in 2022, accounted for approximately 61% of the total.

It is worth noting that Eurasia Group, Guangbai Group, Huijia Times, Wenfeng Group, Yimin Group, and Shanghai New World have had their first losses since listing. Parkson Retail Group, Youhao Group, CCOOP, Beijing Urban-Rural Commercial, and Shengyang Shang Ye Cheng have expanded their losses continuously.

Specifically speaking,

Wangfujing expects to achieve a net profit of RMB170 million to RMB230 million attributable to shareholders of listed company in 2022. It is expected to decrease by RMB1.17 billion to RMB1.11 billion from the same period of last year, or a year-on-year decrease of 87% to 83%; Parkson Retail Group expects the loss in 2022 would be RMB415 million, and the loss in the same period last year was RMB171 million; Wushang Group expects to realize a net profit attributable to shareholders of listed company for RMB250 million to RMB350 million in 2022, or a year-on-year decrease of 66.77% - 53.48%; Zhong Yang Mall expects the net loss attributable to shareholders of listed company would be RMB38 million to RMB57 million. It is expected to achieve operating revenue of RMB1.676 billion, a decrease of RMB218 million from the previous period; Shanghai New World expects a net loss attributable to shareholders of listed company for RMB46.5 million to RMB57.5 million in 2022, a loss from RMB69.46 million in the same period last year.

Since the beginning of 2023, the recovery of domestic consumption has accelerated, the food and beverage service, tourism, and movie markets have been booming, and the customer traffic of shopping malls has increased significantly during the Chinese New Year. In addition, the State Council, the Ministry of Commerce, and local governments have introduced a series of policies to boost consumption. By stimulating consumption and promoting commercial development, the confidence of the commercial real estate industry has been recovering rapidly. According to the statistics of WINDATA, by 2023, there will be 588 shopping malls planned to open nationwide, with a space of approximately 52.01 million square meters. In comparison, the data set a new record low in planned openings since 2017, only half of the planned openings in 2021 when peaked. The number and space of planned openings in 2023 are approximately 1.6 times of the actual openings in 2022. If the opening rate increases significantly, the annual growth is still hopeful. From the current stock of shopping malls, according to the statistics of WINDATA, as of

December 31, 2022, the national stock of shopping mall was 5,685, with a space of 503 million square meters. While the overall market capacity has tended to be saturated, it is undeniable that there are still structural imbalances in operations and space. According to the monitoring data of WINDATA from 2010 to 2022, the growth rate of the shopping mall stock began to decline in a straight-line manner from 2017 (excluding the data in 2021, it rebounded due to the impact from the first year of the pandemic, and the growth returned to positive year-on-year. The same below), in 2022, the growth rate dropped to single digits, only 6.54%, a decrease of 24.63% from the peak of 31.17% in 2014.

(三) Technology and R&D Overview

Marine Transportation Business

The Company's marine transportation business is in the international bulk shipping service industry, with shipping routes to major ports around the world and sailing between ports on an irregular basis; the department store and retail business are not involved in product R&D and manufacturing, so there are no research and development plans or expenses. However, in view of the characteristics of the industry, the development and training of management personnel and the improvement of the quality of human resources are necessary to enhance the competitiveness of the Company in the future.

Department Store Business

Our group is general merchandise retail business. There is no flaw in the development and manufacture of products. Our management team, department heads and store managers all have 10 to 20 years of experience in retail and department stores. With extensive experience in marketing, business recruitment and adjustment and location selection, we have been developing and nurturing a young talent pipeline over recent years for stores and corporate management. During the past two years, we have recruited many management trainees from key universities. Under our development program, they have become an important workforce in our shops and Unbounded Retail Department. For the future expansion of our Company, we shall further reinforce the development, training and education of human resource by recruiting and retaining excellent retail talents. Then we are able to enrich our stores and improve the level of management.

(IV) Long-term and short-term business development plans

Marine Transportation Business

1. Short-term plans

(1) Implement electronic ship management, improve maintenance efficiency, reduce operating costs, and improve operating efficiency.

(2) Strengthen the professional skills training of crew and shore management, improve ship safety management, and reduce operational risks.

(3) Closely observe the trend of the marine transportation market, carefully evaluate the lease and purchase of vessels at the appropriate time, reduce the average age

of the fleet, and increase the fleet's operating utilization.

2. Long-term plans

(1) Expand bulk carrier businesses for both self-owned and chartered vessels.

(2) Promote ship management business and steadily increase operating revenues.

(3) Establish an efficient ship management system and reduce operating costs.

Department Store Business

1. Short-term Business Development Plans of the Company

1.1 Coordinating and arranging the Company’s annual event planning schedule, improving the Company’s planning and operation capabilities in stores, enhancing the effects of marketing activities, and realizing marketing innovation and upgrading.

1.2 Fully exerting the strengths of all parties, to improve the quality of the Company’s merchant recruitment and operating tasks, and actively improving the business environment and service level to increase the stickiness consumption.

1.3 Continuously deepening the membership system management, perfecting the online sales system constantly, and the combining virtuality and reality to enhanced consumer loyalty.

1.4 Actively explore different sales channels, reasonably and efficiently use the sales platforms such as Weimall, Xiaohongshu, Tiktok, and Kuaishou, while being committed to expanding more convenient electronic payment methods to enhance the customer stickiness.

1.5 Emphasizing the adjustment, modification and upgrading; positioning its own consumer group based on its own feature and environmental characteristics, to formulate appropriate adjustment, modification and upgrading programs, and upgrade the cooperative brands.

2. Our mid-long term business development plans.

2.1 The retail enhancement builds the one-stop happy shopping world, and the experience format refinement presents a multi-dimensional consumption space, to continuously be committed to cultivating the current markets, gaining more market shares, and increase the influence of the Company’s brand.

2.2 Looking for the possibility of expanding new markets and new models, innovating the Company’s management model, and adapting to the needs of market development.

2.3 Continuing to deepen the membership system management, optimizing the management of member hierarchy, scientifically managing members, realizing precise services, and increasing consumption stickiness.

2.4 Continue the development department’s role and explore better and more appropriate projects for “the third venture” and “building another Grand Ocean”.

2.5 Optimizing and upgrading brands, reasonably combining business forms, improving brand richness, enhancing market positioning of the Company, and providing high-quality software and hardware services

3. Business Target

3.1 The retail enhancement builds the one-stop happy shopping world

In spite of many challenges faced, the department store retail format is still in a good development environment, including the long-term stable economic development, the return of overseas consumption, and the improvement of personalized and high-quality consumption of the younger generations. The main business goal in the later stage is to continuously cultivate the market based on the Company’s stronger segments, gradually increase the experiential segments to rationally match the formats, and adapt to the market and consumers’ needs.

During the three years of the pandemic, it is worth monitoring the outstanding performance of high-end department store resulted from the development of department stores driven by returned overseas consumption and the upgraded domestic consumption. For instance, the sales of luxury goods in Fuzhou Grand Ocean Store had been excellent during the pandemic period. On the other hand, consumers tended to be cautious in consumption in the post-pandemic era, but their basic consumptions such as food and daily necessities have increased rather than decrease, and their requirements for experiential consumption have gradually increased. In the new consumption era where experience is king, it is difficult to satisfy the new consumers’ needs for upgrading and changes only with discounts and bargains. In recent years, break the stereotyped business model and the vicious circle of homogeneity, more and more offline commercial spaces have begun to consider the scenario creation and special services of experiential shopping, to attract consumers to stay with fresh “approaches” refreshing their eyes. Trendy art installations are installed, nostalgic themed blocks are created, and pulling activities closer to consumers are design, such as various art exhibitions in the 1000 Trees Mall and the “In the Forest” night markets. Operators of offline commercial spaces have played the theme of “emotional resonance” one after another, attempting to stimulate consumers’ emotions with diverse scenarios, to have them to “buy” voluntarily. Now, content is becoming another window for emotional marketing in commercial spaces. With the official announcement of newly opened brands, the presentation of art exhibitions in thematic event, and the strengthened IP personality and positioning, more and more commercial spaces have begun their trials and errors, and some of them have already tasted the sweetness over the tide -- storytelling of the mall itself also seizes the hearts of young people.

3.2 The experience format refinement presents a multi-dimensional consumption space

When entering the new century, the media have been developed rapidly and strongly, the materials are extremely abundant, while people have increasingly higher requirements for the quality of life. In the development of business, the immersive experience brings people a new experience of scenario creation and perception reconstruction. Many scenario spaces are not only for consumers to pass their spare time, but also an essential part for them to cultivate their tastes and enjoy life. A good "IP+immersive" experience may stimulate consumers for repetitive experiences or long-term purchases, thereby forming specific consumption habits and preferences. The retail and commerce in the future are the experiential business. Everyone will think of the Internet for all purposeful things. Consumption is now borderless. Against such backdrop, purposeful things are monopolized by the Internet, but the immersive experience cannot be monopolized.

The scenario revolution in the future will focus on "entertainment, interaction, experience, and immersion," to incorporate the business environment maximumly into entertainment, art, and humanistic themes for giving more cross-field elements into commerce, and humanized care to consumers, enrich the diverse experiences, to form new commercial spaces and atmospheres. The "gravitational field" constructed by a venue based on consumer demand is the relationship between physical properties and spirit. Innovation is an insight into future life and a prediction of future life patterns. Only the clear predictions and innovations of future life patterns are able to seamlessly connect with consumers, and the non-mainstream will become the mainstream in the future. In the future, what we sell will no longer be simple merchandises, but an emotion, an experience, and a scenario-based marketing

3.3 Combining the virtuality and reality to build the complete sales channels

Promoting the continuous recovery of consumption, promoting the deep incorporation of online and offline consumption, enhancing the resumption of life service consumption, and developing new patterns of consumption formats. Industry insiders said that to enhance the incorporation and development of virtuality and reality, it is required to unblock the consumption "block point" of "monetization of traffic" by shifting the traffic in public domain to private domain, actively managing and maintaining communities, and adopting multiple platforms for publicity, to build the foundation for online consumption scenarios in the future. Constructing online consumption scenarios and developing the digital economy are also "compulsory courses" in the future. Other than promoting new marketing patterns such as sales through live streaming, Internet promotion, and "cloud-based pedestrian streets," the construction of smart business districts shall be promoted to optimize the applications of 5G, big data, and the Internet of Things and other technologies in the regards of decision-making, management, marketing and service, to achieve the convenient and efficient consumption experience and precise optimization of operation services.

3.4 Accelerating merchant recruitment actions, and formulating merchant recruitment adjustment and modification plans based on local conditions

Merchant recruitment is a central factor that plays a decisive role in construction, planning, and future operations. Therefore, comparing to other links, the role of merchant recruitment is more essential to the modern commerce, and the merchant recruitment, as a software link, is put above all hardware links, regarded as the midfield engine of commercial practical activities. All these factors will have decisive impacts on the sustainable operation of shopping malls. It is foreseeable that if the quality of the merchants introduced is excellent with the reasonable structure, the successful merchant recruitment is likely to lead the commercial project onto a successful track. If this merchant recruitment is greedy, unjustifiably ambitious or settled for less, it will become a mine of failure for the future operation of the mall.

It is more difficult to revive the second life of a commercial project than initiating its first life. While it is impossible to achieve a successful merchant recruitment of a shopping mall in one step, but comprehensively and visionary considerations shall be taken into account before starting the merchant recruitment, to avoid detours and major passive adjustments to the merchant recruitment and business strategies. The commercial ecology of each city is different, and the consumption structure and radiation power in the same city are also different. Therefore, it is indeed necessary to conduct a professional and in-depth study of the commercial ecological environment of a project before conducting the merchant recruitment for the project. Investment objects vary for different urban areas and different consumption environments. The merchant recruitment plan of a commercial project is often determined depending on the specific situation, and it is required to formulate the commercial solutions needs specifically.

II. Market and production and sales overview

(I) Market analysis

1. Major product sales areas

Marine Transportation Business

The characteristics of bulk carrier businesses are to provide spaces for cargo owners to use and to transport to designated safe ports. Its operation mode can be divided into two major types: (1) Shipowners solicit forwarding businesses from cargo owners and collect freight. (2) Shipowners lease out ships by period charter and receive rental fees. The major businesses of dry bulk carriers are the transportations of bulk materials, such as ore, coal, grains and other dry bulk cargoes. Its market spreads all over the world and it sails on an irregular basis between major ports around the world. Freight rates or rental fees may vary from time to time, depending on market fluctuations.

In recent years, the Group believes that earning revenues ship chartering is a better operating strategy. The cargoes carried and the routes taken by vessels are all instructed by the consignors or charterers. Therefore, it is not possible to differentiate the sales areas because of the characteristics of the industry.

Department Store Business

Thousand NT$; %

Region	2021		2022	
	Amount	Percentage	Amount	Percentage
Asia (Mainland China)	5,159,425	100.00	4,150,142	100.00
Total	5,159,425	100.00	4,150,142	100.00

2. Market share

Marine Transportation Business

The Group's bulk carriers have always focused mainly on the international market, supplemented by the domestic market. Due to the huge tonnage of bulk carriers worldwide, the Group's market share is still small in terms of the tonnage of vessels in operation.

Department Store Business

Grand Ocean prefers business districts with crowds and a mature business atmosphere in store site selection. In addition, through reform and innovation, we have completed the adjustment and brand upgrading of many stores. In terms of investment solicitation, business performance is taken as the axis and the market as the leading factor to select the right target customer groups. With the Millennium generation selected as the important customer source in the future, we have introduced a large number of top international cosmetics to meet the market demand, improve the customer flow, and effectively maintain the stability of business performance.

In 2022, due to the continuous impacts from the pandemic, the retail industry also suffered a challenging ordeal. Even so, Grand Ocean has been making breakthroughs and progress despite difficulties, while introducing many brands with good market performance:

First of all, the partnership blueprint with cosmetics has been continuously expanded. CLARINS introduced to Wuhan Store I and MAC and Estee Lauder introduced to Wuhan Store II greatly enriched the number of cosmetics brands in Central China stores, and increased the Company's market share in cosmetics.

Secondly, the recruiting, adjustment and modification in the international boutique market performed well, such as the debut of the first Tory Burch boutique in Fuzhou at Fuzhou Store I, and the adjustment and modification of the high-end watch area.

Thirdly, the introduction of gold and jewelry brands in different stores of the Company has greatly complemented the Group's gold and jewelry brands and further increased its market share. For instance, CRD in Wuhan Store I, Chow Sang Sang and Chow Tai Seng in Yichang Store.

In addition, the 1000 Trees Mall has performed well in food and beverage services and markets viral on internet, and also worked with the current fashionable art exhibitions to attract customers.

3. Future supply and demand, and growth of the market

Marine Transportation Business

Due to the tight tonnage in the maritime transportation bulk market, the delivery of new vessels is expected to slow down in 2022, resulting in a decrease in the supply of vessel tonnage. However, the trade dispute between the U.S. and China will continue to affect the deployment of enterprises, and geopolitical uncertainties, including the tension between Russia and Ukraine, may cause political and economic turmoil worldwide. Inflationary pressure also brings additional risks to the economic recovery. The growth of international dry bulk cargo transportation volume is on an upward trend, as the demand for iron ore and coal in China and India has been increasing recently. Therefore, the maritime transportation freight market has come out of the bottom of the downturn and welcomed the arrival of spring.

Department Store Business

3.1 Future Supply and Demands of Market

According to the statistics from Links Shop’s retail research center, a total of 501 commercial properties in China nationwide are scheduled to start business in 2023. (This excludes professional markets, hotels, office buildings or commercial buildings with over 20,000 square meters). The added commercial building area is 45.696 million square meters, and the average single building area is 91,200 square meters.

From the distribution of the seven major regions, East China, as usual, is far ahead with 206 projects to be opened, which is almost triple number of projects in South China and Central China, which are in the second and third places. The commercial projects to be opened in South China and Central China are similar. There are 73 projects to be opened in 2023 in South China, ranking second among all regions; and 71 in Central China, ranking third with two projects short.

In terms of cities, comparing to last year, except for Shanghai, the number of commercial projects to be opened in the rest of the cities has decreased. When taking seven projects as the baseline threshold, in the TOP 20 list of cities, Shanghai has a fault-like leading edge with 34 projects to be opened. Chengdu still maintains the rhythm as before, ranking second with 18 commercial projects to be opened. The gaps among Chengdu, Beijing, Wuhan, and Chongqing are only one or two projects, with very close numbers to each other. They are the top five in terms of the number of commercial projects to be opened.

In terms of space, the space development of commercial projects to be opened in 2023 still continues the overall trend of previous years. Commercial spaces between 50,000 to 100,000 square meters are the mainstream relatively. Commercial projects of these sizes are most suitable for planning as a one-stop shopping mall where the basic consumer needs including eating, drinking, entertainment, shopping are satisfied while the entertainment formats such as cinemas, theaters, and murder mystery games may be introduced as well; hence it is a relatively perfect choice. It is followed by commercial projects between 20,000 to 50,000 square meters. With the trend of homogenization of shopping malls, some developers choose to focus on "tiny but beautiful" small commercial projects, be it for cost control or shopping mall operation, or format adjustment, small-scale commercial projects have unique advantages. By carefully studying the consumer group and magnify one's own advantages, small-scale commercial projects may also be outstanding. Specifically, those projects with a scale of 50,000 to 100,000 square meters (including 50,000 square meters but excluding 100,000 square meters) are accounted for the largest share for about 37%; these with 20,000 to 50,000 (including 20,000 square meters but excluding 50,000 square meters) square meters are accounted for about 25%; these with 100,000-150,000 square meters (including 100,000 square meters, excluding 150,000 square meters) are accounted for about 24%; these with 150,000 square meters or more (including 150,000 square meters) are accounted for about 14%.

3.2 Change of Future Demands of Market

3.2.1 Department stores accelerate to become mall-like

After nearly a decade of development, traditional large-sized general department stores are currently saturated. Under the circumstance with severe brand homogeneity (more than 60%) and intensified peer competition, traditional department stores are not only under the strong impacts from e-commerce, but also face the intensification of multi-format competition (such as the continuous emergence of new retail formats), as well as the "cold snap" of sharp surges for operating costs including manpower and rent. In addition, with the improvement of consumption level, consumers' shopping habits have changed, favoring the diversified shopping experience. Against the backdrop, to respond to the new market landscape, traditional department stores with a relatively single format seek to create the consumption experience alike to shopping malls by adopting all effective means, such as the introduction of fashion brand flagship stores, expansion and renovation of selling spaces, and adding experiential elements in selling spaces. In other words, various needs of consumers are satisfied with a collection of rich formats and functions.

3.2.2 Virtuality and reality incorporation and linkage

The large-scale application of new technologies such as e-commerce and mobile Internet is an irreversible reform that has increasingly profoundly affected the lifestyles of consumer groups. Against the backdrop, online shopping has developed rapidly and powerfully in China in recent years. Most brick-and-mortar retailers, especially traditional department stores, have been strongly impacted as expected. Meanwhile, more and more department store operators have begun to pay attention to and try the online platform construction.

3.2.3 Emphasizing information acquisition and analysis

In terms of information acquisition, it has changed from one-way brand push in the past to top-down consumption guided by users' word-of-mouth. However, with the development of technology, there are more and more touchpoints between consumers and brands, which is especially evident in the fast fashion consumers in China. According to McKinsey's survey in the past two years, Chinese consumers went through an average of 15 information touchpoints in a single decision-making journey. These include seven offline touchpoints and eight online touchpoints, making the Chinese consumers the consumers having the most touchpoints in all countries. More than half of these information touchpoints are brand-oriented. Brand orientation includes in-store experience, brand advertising, and celebrity endorsements, while the rest of the information touchpoints come from user-led information channels, including other people's displays seen, recommendations from relatives and friends, users' reviews, KOL promotions, and introductions from online information platforms.

3.2.4 Chaining, differentiation and multi-format incorporation

The core of department store chain operation lies in the aggregation of production elements and standardized allocation, mainly including channel management of brand merchandise resources, standardized management of store operations, standards of location selection and positioning, and brand management of site conditions. These are generally reflected in three regards such as expansion of business formats, space and organizational mechanism. This operation mode has changed the single and independent form of store organization in department stores in the past. It not only maintains the advantage of mass sales, but also adapts to diversified market demands.

3.2.5 In-house merchandise operation is developed gradually

In the department store industry, the capability of in-house merchandises is positioned as "features + supplements;" it is not only a key means to build merchandise differentiation and enhance brand image, but also a core business capability distinguishing department stores from shopping malls. Recently, many research reports show that although the joint operation has been the mainstream business model for a very long period of time, it is no longer possible for department stores to create greater profit margins. On the contrary, the experience of well-known international department stores shows that the in-house merchandise consisting of exclusive operation and self-owned brands creates ample operating profits and forms differentiation.

4. Competitive advantage

Marine Transportation Business

(1) Professional management team

The management team all have complete academic backgrounds and working experiences in the shipping industry and has accumulated extensive exposure and maritime expertise over the years, which enables them to effectively anticipate market dynamics and stably operate the bulk cargo business with lower operating costs, thus helping to enhance the competitiveness of the Group's fleet in the market.

(2) The fleet of vessels are all of the mainstream types in the market

The Group's fleet currently consists of 11 vessels of Kamsarmax, Supramax and Lightweight types with an age of about 5~10 years, which can operate in different markets with different cargoes and port requirements.

(3) Low vessel operating costs

The average age of the vessels operated by the Group is relatively young. Vessels’ maintenance, crew, supplies and spare parts are managed by the Company's team, and there are long-term suppliers in some areas, so the operating costs are lower than average in the market.

Department Store Business

4.1 Excellent Geographical Location

Grand Ocean Department Store prefer the business district with massive crowds and mature business atmosphere when selecting the site. For the 14 stores which are in operation for example, currently 8 of them are located at the exit of the newly opened MRT stations. Among them, 5 stores are directly connected to the MRT underground passage, especially Nanjing Grand Ocean Classic Commerical Limited, Wuhan Zhongshan Store, Wuhan Longyang Store and Fuzhou Secondary Store have become two subway line transfer stations, respectively. In addition, 10 department stores are located in mainstream businesses that gather people and cash flow, and have a convenient transportation shopping are. Shiyan Store and Dongjiekou underground shopping streets which are newly opened in 2018 are also both located at the very center of the traditional commercial area in the city. The 1000 trees project, which was launched on December 22, 2021, is located in Suzhou Riverside Art Park, Putuo District, Shanghai.

4.2 Experienced Department Store Management Talents

All of the main management class and the chiefs of each store have 10~20 years of experience in the department store retail industry, and are all well experienced in department store sales, marketing strategy, store selection and management, making us more competitive in the store selection and marketing strategy than the peers; The Group has continuously enriched the retail business team and talent training through multiple business executives and store head competitions; social recruitment of reserve cadres, industry senior lecturer training, and multi-city industry communication methods. At the same time, we pay more attention to the younger, more specialized, and highly educated construction management team.

4.3 Years-accumulated Customer Groups

Grand Ocean Department Store has accumulated many years of experience in department store management. Under the continuous improvement of service quality, it has won the trust from the consumers in recent years and established a good brand image and basic customer base. The key reasons are mainly in the contents of the products sold by Grand Ocean Department Store, which are all in line with the needs of consumers, and provide friendly and considerate service quality to meet customer requirements. Under this competitive advantage, we will continue to improve quality management, and establish the retail venues that meet the modern consumer concept, and to attract more young customers to establish a long-term management mechanism and to achieve the goal of sustainable operation.

4.4 Formulate and Implement a Scientific Incentive System

In order to further improve the management ability of managers, clarify the responsibilities and objectives, more effectively achieve the performance and benefit indicators and tasks assigned by the Group, encourage the advanced, spur the backward, and provide the basis for promotion, salary increase, demotion and salary reduction, In 2023, the Group will continue to deepen the implementation of the all-employee target responsibility system where the responsibility is insisted to stores, departments, and individuals. For the entire Group, the all-employee target responsibility system is very motivative. Many stores receive the incentives by achieving the goal. By fully implementing the all-employee target responsibility system, and with the open and transparent incentive standards, all employees of the Group are greatly motivated.

4.5 Management styles up to date

Grand Ocean has stood at the forefront of the tide for more than 20 years, and the secret is constant self-reflection and keeping pace with the times. We have experienced many crises and overcome many difficulties. Our team has become strong in the process of overcoming difficulties. In view of the unprecedented changes in the current situation, Grand Ocean gives full play to its undaunted spirit, and at the same time, increases the sense of crisis and starts a new venture for the third time; this is the spirit of the post-pandemic era. Grand Ocean should follow Yang-Ming Wang's concept of practice on things and unity of knowledge and action. We should not wait or rely on others, but win the initiative with our own innovation. We firmly believe that we will not be submerged by the trend of the times, but will bravely stand in the forefront of the tide and pursue the future.

5. Favorable and unfavorable factors of development prospects, and corresponding measures

Marine Transportation Business

(1) Favorable factors

A. Shortage of vessel tonnage transportation capacity and fierce competition in the spot market are favorable to the recovery of freight rates.

B. Interest rates remain low, so vessel operating costs are reduced.

C. The demand for raw materials such as iron ore increased due to the war between Russia and Ukraine, which led to an increase in freight market

(2) Unfavorable factors and corresponding measures

A. The COVID-19 pandemic continues to affect the global economy and financial markets.

B. The global oil price increases, which increases the cost of purchasing oil; the vessel repair yard quotation increases, which increases the vessel annual maintenance cost.

C. The freight rates of the bulk shipping business, with the volatility of the regional economic cycle, may face the risk of excessive price fluctuations.

Corresponding measures:

In response to the uncertain factors and changes in the market, the FIRST STEAMSHIP fleet has been able to reduce operating costs, eliminate outdated vessels, and improve operating efficiency with its stability and strength. And at the right time, we will purchase new vessels with profitable long-term contracts and reputable charterers to strengthen fleet capacity and enhance competitiveness in the transportation market.

Department Store Business

5.1 Favorable factors

5.1.1 The new consumption patterns are developed steadily, and the brick-and-mortar retail continues to recover

In 2022, when facing the impacts of unexpected factors in economic operation, under the strong leadership of the Central Committee of the Communist Party, the pandemic containment and control, and economic and social development were coordinated highly effectively by all agencies in all regions. The promotion of consumption stimulation policies were effective, and the consumer market continue to recover. The new consumption patterns have been developing more rapidly, and the consumption demand for ecological upgrades continues to be released, the growth of essential necessities was good, and the proportions of the county and township-scale markets have increased. The long-term favorable trend in the development of the consumer market has not changed.

The total retail sales of social consumer goods is RMB43,973.3 billion for 2022, dropped by 0.2% from the previous year; among them, retail sales of merchandises increased by 0.5%, but the revenue from food and beverages decreased by 6.3%. Multiple and frequent outbreaks of the pandemic had a greater impact on the recovery of the consumer market. In December, the total retail sales of consumer goods fell by 1.8% year-on-year, and 4.1 percentage points narrower than that in November. Among which, the retail sales of goods declined by 0.1% year-on-year, and the rate of decline was 5.5 percentage points narrower than that in November; the retail sales of automobiles in units above the limit increased grew by 4.6%, and in November, it decreased by 4.2%. Faster online consumption growth With the mature application of mobile Internet technologies and the continuous improvement of the logistics and delivery system, the trend where the online shopping serves as the source of growth in the consumer market continues to be solidified.

5.1.2 The consumer market in China has a large scale and great potential, and the consumption continues to be upgraded and developed

The long-term favorable fundamental in the development of the consumer market has not changed. Judging from the recent situation, with the implementation of the optimized pandemic containment and control policies and the orderly recovery of consumption scenarios, the contact-oriented consumptions, such as food and beverages that were greatly affected by the pandemic in the early stage has begun to improve. In terms of the long-term development potential, the total population of China exceeds 1.4 billion, the urbanization rate is steadily increasing, and the rural market has great potential, strongly supporting the stable recovery and development of consumer market in China The trend of consumption upgrade has not changed. A few years before the outbreak of the pandemic, residents’ consumption had shown a trend of upgrading and development. Even under the impact of the pandemic, the trend of consumption upgrading and development has not changed. Currently, the residents’ demand for quality continues to increase, the concept of green and eco-friendly has become more penetrated, and the willingness to consume services is still strong. With the innovation and expansion of consumption scenarios, the steady growth of residents' incomes and the continuous improvement of market supply, the consumption structure will continue to be optimized and upgraded. Despite that the pandemic in 2022 had a greater impact on the recovery of the consumer market, it must also be noted that the consumer market is still resilient and has greater potential. Entering 2023, with the further implementation of the optimized adjustment measures for pandemic containment and control, and the in-depth implementation of the strategy for expanding domestic demand, the new development landscape centered at the grand domestic cycle and the mutual promotion of domestic and international double cycles will be accelerated. The foundation for the stable recovery of the consumer market will be firmer, and the consumer market is expected to recover.

5.1.3 Excellent Brand Images

Since its establishment in 2002, Grand Ocean Department Store has been developing retail industry. It has accumulated many years of practical experience in department store operations. It has successively expanded its position among the riverbanks of Yangtze River and gradually expanded its business scope. All of them have excellent sales performance, trusted and affirmed profoundly by the China consumers. The successful launch of the new Grand Ocean 1000 trees project has attracted the customer flow in Shanghai and even the whole country, and won the top attention.

5.1.4 Experienced Department Store Management Talents

The Company's main management segments (such as managers of each department, etc.) and its stores have a total of 10 to 20 years of experience in the department store and retail industries, and well-experienced in department store sales, marketing strategies, shop selection and management, which makes the Company more competitive in terms of store selection and marketing strategies than its peers. Furthermore, the excellent management talents can enhance the service quality of the group and provide our consumers with a more comfortable shopping environment. The competitive advantage of the talents is that in the current situation of the department stores, it is impossible for other department stores to reach it within a short time.

5.2 Unfavorable factors and corresponding measures

5.2.1 Philosophy does not align with the trait of fashion

The department store industry is a fashion industry. Large-scale department stores are fashion leaders and consumption hubs, representing the commercial prosperity of the city where they are located and the essential market channel for high-end brands. Some department stores are even landmark buildings in the city where they are located. Operation of a department store requires in-depth grasp of fashion trends, and on this basis, the aligning products and services are selected.

The retail industry in China leads international peers in terms of digital applications and experience; however, it also results in some illusions in the industry that our retail industry is already leading the world. In fact, in many respects, the retail industry in China still has a lot to learn from the world. Regarding the department store format, image display, window design, merchandise management, and customer service, we still have deficiencies. Essentially, many department stores are still operated under the guidance of traditional concepts, but lacking sensitivity to fashion, not to mention the urgency to change traditional concepts. There is a gap between business philosophy and consumer demands, causing a dislocation between demand and supply.

Among these traditional mindsets, some come from the current system, for instance, many department stores are state-owned, and the management mindset of the executives is traditional, and the reforming awareness and motivation of the management are lackluster. Some of these are sourced from themselves. By reviewing the executive information of listed department store operators, nearly 40% of them were born in 70s, very few born were born in the 80s, and most of them were born in the 60s. It is observed that some department stores with strong fashion sense and better management emerged recently generally have one thing in common, that is, the younger operation team.

Corresponding measures:

The current retail industry is an era of digital transformation, an era of quality upgrading, and an era of concept shifting. New talents and management teams should be introduced, new concepts, to adopt new concepts and the young teams for better grasping changes in consumers' demands, with the business philosophy better aligning with social trends, to maximize the provision of goods and services matching the demands.

5.2.2 Unclear development strategies and directions

Against the backdrop of sluggish overall growth and performance grown poorly in the retail industry, all corporates have to strategically select which way their development shall go individually. In terms of development direction, shall the retail business be insisted? We have seen that some retailers are transforming their development directions. Some are transforming into new energy, some are transforming into office space, some are involved in the field of digital payment, and some are investing in big health. The effects of these transformations or investments have yet to be further observed.

In terms of strategic selection, shall the department store format be insisted? Some have proposed to be shopping mall alike; however, given the spaces and property conditions of department stores, very few are suitable for transforming into shopping malls. In practice, there are not many truly successful cases. Most of the companies that have been adjusted and modified attempt to adjust partially, such as increasing the number of business formats for kids, and add stores viral online, and they insist on the attributes and models of department stores.

In terms of tactical options, there are still some issues, such as whether to continue to open stores? Should digital investments be increased? Should in-house merchandises be increased? These issues are not agreed to a certain level within the enterprise, and the enterprise has not formed a clear strategy and target system for some issues.

Corresponding measures:

In terms of merchandise operation, department stores are stronger than shopping malls. Although the format of department stores does not fully control the sales, prices, and inventory of counters or brands, comparing to shopping malls, their product positioning and brand combination capabilities still obviously outperform. The nature of retail is still merchandise and services, however it changes, the essence and capabilities of “merchandise” in the department store format cannot be lost anymore. The key is to enhance the service quality, improve the consumption environment, and strengthen the comfort of shopping.

5.2.3 Lack of means for growing performance

Against the backdrop of overall weak consumption and fierce competition for inventory, most companies lack the means to increase their performance when facing the declining customer traffic resulted from frequent and broad outbreaks of the pandemic. Generally speaking, there are many options for improving the performance, but each option has different difficulties. For instance, to open a new store, it requires a lot of investments, while there is uncertainty about whether the surrounding consumption can support the results of the new store, and there are risks for operation; developing a multi-brand store requires not only a professional team, but also the support of brand owners; by increasing experience format, it means that the rent or rebate revenues may decline when increasing the customer traffic; increase in-house merchandises, issues such as insufficient self-owned funds or professional capabilities is insufficient.

In terms of omni-channel, some companies have achieved good growth relying on community operations, WeChat and applet ecology, as well as live broadcasting. For enterprises that have reserved the capability to incorporate the online and offline operations in the early stage, they respond rapidly after the outbreak, with better exertion of the online business. With the increase in sales volume, inputs of resources and capability have further strengthened the capability in this regard. The continuous impacts of the pandemic resulted new growth points for some enterprises. There are also many department stores, while having consensus on online and offline integration in the early stage, the digital construction is limited to the internal management system due to limited investment and insufficient emphasis. Therefore, due to the impact of the pandemic, the platforms launched in urgent meet the urgent needs, but cannot support the long-term business needs, and it is difficult to make decisions whether to continue investing due to unclear strategies. From the view of the entire industry, only a few of companies have realized the new growth through digitalization and omni-channel.

Corresponding measures:

The online retailing cannot open up the market or reverse the unfavorable situation with only one model or one innovation like the internet. Retail is the details, relying on the accumulation bit by bit and gradual changes, continuous expansion of new platforms and channels, communities meticulously maintained, convert the traffic in the public domain to private domain traffic, refined management of members, and precise services.

5.2.4 Unattractive weak products

The department store format is an important venue for high-quality consumption. Relative to other formats, it has higher requirements for merchandise power, which is the core competitiveness. Department stores with outstanding operating performance basically have strong merchandise power, including clear merchandise positioning, differentiated merchandise mix, and competitive merchandise prices, forming relatively high competition barriers.

Most department stores are still in a state of homogeneous competition, manifested in homogenized operations and merchandise. The homogeneity of operation is reflected in the fact where the industry basically adopts joint operation, supplemented with the combination of leasing and partial in-house merchandises. Under the joint operation model, the function of a shopping mall is mainly to attract merchants, as well as the matching of merchandise structure and brand structure, but the grasp of consumer demands and the capability of merchandise selection are insufficient.

Corresponding measures:

Improve the quality and pace of merchant recruitment, evaluate the performance and popularity of brands in the market, and regularly optimize and upgrade brands; emphasize adjustments and modifications, with the scientific and reasonable combination of business formats, to gradually upgrade, improve merchandise power and brand awareness.

(II) Major customers in the past two years

Unit: Thousand NT$

	2021				2022			
Item	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer
1	PACIFIC BASIN SUPRAMAX LTD	416,870	6.02	Not a related party to the Company	PACIFIC BASIN SUPRAMAX LTD	459,660	7.27	Not a related party to the Company
2	CLIPPER BULK A/S	339,930	4.91	Not a related party to the Company	CLIPPER BULK A/S	367,252	5.81	Not a related party to the Company
3	BAUMARINE BY MARUKLAV	219,816	3.17	Not a related party to the Company	OLDENDORFF CARRIERS GMBH AND CO,KG	241,513	3.82	Not a related party to the Company
4	IINO KAIUN KAISHA, LTD	139,514	2.02	Not a related party to the Company	BAUMARINE BY MARUKLAV	211,986	3.35	Not a related party to the Company
5	OLDENDORFF CARRIERS GMBH AND CO,KG	126,154	1.82	Not a related party to the Company	PORT DRAGON CHARTERING INC	159,284	2.52	Not a related party to the Company
6	CHINESE POLISH (BEIJING) INTERNATIONAL FORWARDING COMPANY LIMITED	122,562	1.77	Not a related party to the Company	IINO KAIUN KAISHA, LTD	156,955	2.48	Not a related party to the Company
7	D' AMICO DRY LTD.	116,372	1.68	Not a related party to the Company	PEFECT BULK LIMITED	153,287	2.42	Not a related party to the Company
8	PORT DRAGON CHARTERING INC	52,616	0.76	Not a related party to the Company	CHINESE POLISH (BEIJING) INTERNATIONAL FORWARDING COMPANY LIMITED	132,451	2.09	Not a related party to the Company
9	Others	5,392,140	77.85	Not a related party to the Company	D' AMICO DRY LTD.	127,206	2.00	Not a related party to the Company
10					COBELFRET S.A.	38,364	0.61	Not a related party to the Company
11					Others	4,278,085	67.63	Not a related party to the Company
Total	Net sales	6,925,974	100.00		Net sales	6,326,043	100.00	

The Company's reinvested marine transportation business is a non-scheduled, irregular international bulk cargo business, and its operation is mainly based on time charter, voyage, bareboat or syndication depending on market conditions. While the targets of department stores business are mainly individual consumers. As a result, there is no single factor that affects net sales. Depending on the characteristics of the industry, it is not possible to fully explain the reasons for changes in customer sales.

(III) Total operating revenues in the last 2 years

Unit: Thousand NT$

Year	2021	2022
Standalone operating revenues	76,902	87,854
Consolidated operating revenues	6,925,974	6,326,043

(IV)Expected sales volume, applications of major products, production process, raw material supply, sales customers, production volume value, sales volume value: Not applicable.

Year		2021	2022	March 31, 2023
Number of employees	Staff	90	87	81
	Sea crew	200	214	218
	Department store personnel	1,341	1,154	1,134
	Total	1,631	1,455	1,433
Average age		35.28	42.99	43.36
Average years of service		5.18	6.14	6.35
Education distribution (%)	Doctorate	0.00	0.00	0.00
	Masters	1.78	2.13	2.16
	University or College	65.48	60.55	61.13
	High school	23.73	31.13	30.43
	Below high school	9.01	6.19	6.28

IV. Environmental Protection Expenditure

Marine Transportation Business

(I) The vessels in the marine transportation business sail almost all year round at sea and have minimal impact on land environment. The vessels are equipped with the necessary equipment in accordance with marine environmental protection regulations. For example, the engine room is equipped with a sewage treatment machine, an oil-water separator and an incinerator. Each fuel pipeline interface is equipped with an oil catch pan to prevent oil from dripping and leaking so as to avoid pollution of the ocean or port waters. All anti-pollution equipment is inspected by the surveyor of the International Association of Classification Societies every year to ensure its proper operation. Newly built vessels are equipped with environmentally friendly and energy-saving host machines, carbon dioxide with low sulfur content; and ballast water treatment system and sewage discharge treatment system to avoid endangering marine life. The Group has acquired shipowner's liability insurance to spread the risk of damages caused by environmental pollution.

The Group and all vessels took the lead in implementing the safety management system in mid-October 1996 at the same time to comply with the International Safety Management Code, which became mandatory on July 1, 1998 in order to ensure better the health of the crew and the safety of ship operations, and to achieve the purpose of protecting the marine environment.

(II) Relevant measures to implement the EU Restriction of Hazardous Substances Directive (RoHS) and to avoid affecting the rights and interests of investors: Not applicable.

(III) For 2022 and the current year up to the date of publication of the annual report, the Group has not suffered any losses or penalties for environmental pollution. It has no significant capital expenditures for environmental protection.

(IV) Corresponding measures for Improvement and possible expenditures: None.

Department Store Business

The department store business, which is not in the manufacturing industry, has no facilities and equipment or requirements for emission permits and is not likely to be subject to penalties from environmental protection authorities, nor does it have significant environmental issues or expenditures.

V. Labor relations

(I) The Company's various employee welfare measures, education, training and retirement systems, and their implementation as well as agreements between management and employees of the Group and measures to protect the rights and interests of employees:

Marine Transportation Business

(1) Employee welfare measures

In accordance with law, acquire labor insurance, national health insurance, and group term life insurance (including medical), as well as offer benefits such as health checkups, birthday gifts, wedding and funeral stipends, and annual festival grants. The Company has a welfare committee responsible for handling various employee welfare matters.

(2) Continuing education and training

The crew exercises various drills from time to time to ensure the safety of life and cargo. Depending on the business and work requirements, employees attend various training courses to absorb new information, enhance professional ability, and improve work efficiency.

(3) Retirement systems and their implementation

In accordance with the Labor Standards Act, each employee who chooses the old scheme of labor pension will receive 2 base figures for each year of service in the first 15 years, and 1 base figure for each year of service starting in the 16th year, up to a maximum of 45 base figures. Employee pensions are calculated based on the length of service and the average salary of the last month prior to retirement. The Company contributes 13% of employees' monthly salaries as their pension reserve funds to a special-purpose account in the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve in accordance with the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds For employees who choose the new scheme of the labor retirement systems, 6% of their monthly insured salary will be contributed to their personal accounts at the Bureau of Labor Insurance.

(4) Measures to protect the rights and interests of employees

HR management rules have been formulated in accordance with the Labor Standards Act and the spirit of gender equality in the workplace to establish mutual trust and reliability to ensure that employee welfare and retirement rights are protected. In the work rules, there is a code of conduct or ethics for employees, which, at the end of the year, is one of the important items in the evaluation, and there is a complete reward and punishment system to enforce the code.

(5) Other important agreements: None.

Department Store Business

(1) Employee welfare measures

In addition to the various welfare measures, the Group has a special department responsible for planning and implementing employee benefits to promote the development of the company's human resources. At present, the Company provides employee insurance benefits measures in addition to the employee's medical insurance, basic employee pension insurance, unemployment insurance, employee injury insurance, maternity insurance and housing provident fund, as well as personal accident insurance. In addition to the insurance and welfare measures, the employees of the Group also enjoy welfare measures such as company feeding (employees at department stores), paid holidays, birthday cake coupons, health checks and condolences, and enjoy the festival bonuses during the Spring Festival and Mid-Autumn Festival. Bonus and year-end bonuses are determined based on the quarterly performance of each store and the approved level of personnel assessment.

(2) Continuing education and training

In order to improve the quality and work skills of our employees, and to strengthen the efficiency and quality of work, the Company has compiled a budget for education and training expenses for employee training. Each department store arranges new employee induction training and professional skills training, where in 2022 there had been 70 sessions of New Employee Induction Training completed, of which there had been 112 trainees; 131 sessions of New Shop Assistant Training completed, of which there had been 2,012 trainees; 86 sessions of Professional Skills Training completed, of which there had been 1,752 trainees.(The required courses include practical training in investment promotion, which consists of 8 sessions and has trained 142 people; business negotiation and communication skills, which consists of 10 sessions and has trained 178 people; VIP customer maintenance case sharing, which consists of 12 sessions and has trained 173 people; market research content and objectives, which consists of 6 sessions and has trained 121 people; effective complaint handling and crisis management, which consists of 1 session and has trained 20 people; business reception and visit etiquette, which consists of 11 sessions and has trained 243 people; online promotion and marketing activities, which consists of 6 sessions and has trained 116 people; the use of color aesthetics in business, which consists of 11 sessions and has trained 241 people; commonly used OA processes and signature norms, which consists of 12 sessions and has trained 292 people; counter entry regulations and drawing review precautions, which consists of 9 sessions and has trained 226 people; supervisor training, which consists of 22 sessions and has trained 537 people; service skills (part one), which consists of 13 sessions and has trained 184 people; service skills (part two), which consists of 11 sessions and has trained 149 people; CPOS training, which consists of 206 sessions and has trained 1008 people; and online training, which consists of 65 sessions and has trained 1694 people. Additionally, there are 89 other training sessions, which have trained 1934 people.). Additionally, outdoor recruitment expo is held at least once per year, to meet our purpose to cultivate extraordinary talents.

(3) Retirement System and Implementation

The operating bases of the Company, the various department stores of the Grand Ocean Classic Commercial Group, have paid monthly pensions to the local government finance department accounts in accordance with the “Regulations on Basic Pension Insurance for Enterprise Employees” in the country of operation. And the company assist employees to go through retirement procedures at the legal retirement age of employees in accordance with the law.

(4) Labor Coordination

The Company always attaches great importance to employees' rights and interests, and the labor relations are harmonious. The Company attaches importance to the opinions of employees. Employees can directly communicate with the human resources department or appropriate senior executives to maintain good relations. Therefore, no major labor disputes have occurred so far.

(5) Various Employee Rights Maintenance Measures

The Company has internal control and various management methods, which clearly define employee rights and obligations and welfare items, and regularly review the welfare content to protect employees' rights and interests.

(II) Working environment and employee safety protection measures.

The Group has safety and health management personnel and has set up various safety measures such as fire-fighting facilities, emergency evacuation routes and notification systems to prevent accidental disasters. In accordance with requirements of the Labor Safety and Health Act and the MLC Code for ships, the Labor Safety and Health Work Rules have been established, and warning signs are marked on dangerous equipment to require employees to be in full compliance to ensure a safe working environment. Implement regular maintenance of elevator and fire fighting facilities, strengthen access control, and arrange labor safety and fire fighting training and health inspection to protect employees' life and safety. As for the “Sexual Harassment Prevention Act,” in addition to strengthening educational propaganda, there are also complaints and disciplinary measures to protect employees.

(III) Losses incurred due to labor-management disputes in the last year and the current year up to the date of the publication of the annual report and disclosure of the estimated amount of current or future potential losses and corresponding measures:

Based on co-existence, co-prosperity and mutual understanding, the Group values employees' rights and interests and has harmonious labor relations without major disputes. The company always respects employees' feedback, who can reflect their opinions at any time through meetings, emails or mailboxes, and there is no obstruction in the communication between management and employees. Therefore, there have been no losses or penalties due to labor disputes in 2022 and the current year up to the date of publication of the annual report.

VI. Important contracts

Contract nature	Party	Contract start and end date	Main content	Restrictions
Borrowing contracts	The Company and Bank of Taiwan	2022.04.15～2023.04.15	Interest is charged monthly and the principal is repaid once at maturity.	None
	The Company and Mega International Commercial Bank	2022.08.24～2023.08.24	Interest is charged monthly and the principal is repaid once at maturity.	None
	The Company and Taishin International Bank Co. Ltd.	2020.11.05～2024.11.05	Interest is charged monthly and the principal is repaid once at maturity.	None
	The Company and Bank of Panhsin	2022.08.26～2023.08.26	Interest is charged monthly and the principal is repaid once at maturity.	None
	The Company and Hua Nan Commercial Bank, Ltd.	2023.02.03～2024.02.03	Interest is charged monthly and the principal is repaid once at maturity.	None
	The Company and KGI Bank Co., Ltd.	2022.11.16～2024.11.16	Interest is charged monthly and the principal is repaid once at maturity.	None
	The Company and EnTie Commercial Bank	2022.06.24～2024.06.24	Interest is charged monthly and the principal is repaid once at maturity.	None
	The Company and First Commercial Bank	2022.04.22～2023.03.18	Interest is charged monthly and the principal is repaid once at maturity.	None
	The Company and Taiwan Shin Kong Commercial Bank Company Ltd.	2020.11.20～2023.11.20	Interest is charged monthly and the principal is repaid once at maturity.	None
	The Company and Chang Hwa Commercial Bank, Ltd.	2021.02.03～2026.02.03	Joint credit facility the Company entrusted Chang Hwa Bank to coordinate and apply for.	None
Guarantee contracts	The Company and International Bills Finance Corporation	2023.01.18～2024.01.18	Entrusted guarantee	None
Borrowing contracts	First Steamship S.A. and THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.	2022.04.14～2024.10.05	Interest is charged monthly and the principal is repayable in installments.	None
	First Steamship S.A. and First Bank	2022.04.22～2023.03.18	Interest is charged monthly and the principal is repaid once at maturity.	None
	Grand Steamship S.A. and Hua Nan Bank	2013.07.31～2023.07.31	Interest is charged quarterly and the principal is repayable in installments.	None
	Best Steamship S.A. and Bank of Panhsin	2021.06.03～2026.06.03	Interest is charged monthly and the principal is repayable in installments.	None
	Reliance Steamship S.A. and EnTie Commercial Bank	2021.06.23～2026.06.23	Interest is charged quarterly and the principal is repayable in installments.	None

Contract nature	Party	Contract start and end date	Main content	Restrictions
	Alliance Steamship S.A. and Bank of Taiwan	2014.07.25～2025.07.25	Interest is charged quarterly and the principal is repayable in installments.	None
	Longevity Navigation S.A. and Bank of Panhsin	2020.02.04～2025.02.04	Interest is charged monthly and the principal is repayable in installments.	None
Borrowing contracts	Praise Maritime S.A. and Land Bank of Taiwan	2016.08.22～2016.07.22	Interest is charged monthly and the principal is repayable in installments.	None
	Sure Success Steamship S.A. and EnTie Commercial Bank	2021.06.25～2026.06.25	Interest is charged quarterly and the principal is repayable in installments.	None
	Ship Bulker Steamship S.A. and TAICHUNG COMMERCIAL BANK Co., Ltd.	2018.05.23～2023.05.23	Interest is charged monthly and the principal is repayable in installments.	None
	Black Sea Steamship S.A. and BANK OF KAOHSIUNG,CO.,LTD.	2018.09.12～2023.09.12	Interest is charged monthly and the principal is repayable in installments.	None
	Excellent Steamship International S.A. and Bank of Taiwan	2021.06.07～2032.03.08	Interest is charged quarterly and the principal is repayable in installments.	None
	Shining Steamship International S.A. and Hua Nan Commercial Bank, Ltd.	2020.08.19～2031.02.25	Interest is charged monthly and the principal is repayable in installments.	None
Insurance contracts	The Company and AIG Asia Pacific Insurance Pte. Ltd, Taiwan Branch	2021.12.05～2022.12.05	The Company and AIG Asia Pacific Insurance Pte. Ltd, Taiwan Branch entered into a contract for directors' and managerial officers' liability insurance.	None
Lease agreements	ALLIANCE STEAMSHIP S.A. and PACIFIC BASIN SUPRAMAX LIMITED	2021.09~2022.05	Chartering of the Company's vessels	None
	ALLIANCE STEAMSHIP S.A.and PACIFIC BASIN SUPRAMAX LIMITED	2022.05~2023.02	Chartering of the Company's vessels	None
	ALLIANCE STEAMSHIP S.A.and PACIFIC BASIN SUPRAMAX LIMITED	2023.02~2023.11	Chartering of the Company's vessels	None
	BLACK SEA STEAMSHIP S.A.and CLIPPER BULK SHIPPING LTD	2022.10~2023.10	Chartering of the Company's vessels	None
	SHIP BULKER STEAMSHIP S.A.and CLIPPER BULK SHIPPING LTD	2022.11~2023.11	Chartering of the Company's vessels	None
	GRAND STEAMSHIP S.A. and OLDENDORFF CARRIERS GMBH & CO. KG	2021.05~2022.05	Chartering of the Company's vessels	None
Lease agreements	GRAND STEAMSHIP S.A. and OLDENDORFF CARRIERS GMBH & CO. KG	2022.05~2023.02	Chartering of the Company's vessels	None
	GRAND STEAMSHIP S.A.and OLDENDORFF CARRIERS GMBH & CO. KG	2023.02~2024.01	Chartering of the Company's vessels	None

Contract nature	Party	Contract start and end date	Main content	Restrictions
	LONGEVITY NAVIGATIONA S.A. and D' AMICO DRY LTD.	2016.01~2024.01	Chartering of the Company's vessels	None
	PRAISE MARINE S.A. and IINO KAIUN KAISHA, LTD	2016.11~2023.11	Chartering of the Company's vessels	None
	RELIANCE STEAMSHIP S.A. and PACIFIC BASIN SUPRAMAX LTD	2021.06~2022.07	Chartering of the Company's vessels	None
	RELIANCE STEAMSHIP S.A.and COBELFRET S.A.	2022.07~2022.10	Chartering of the Company's vessels	None
	RELIANCE STEAMSHIP S.A. and CARGILL OCEAN TRANSPORTATION SINGAPORE PTE LTD	2022.10~2023.12	Chartering of the Company's vessels	None
	SURE SUCCESS STEAMSHIP S.A. and PACIFIC BASIN SUPRAMAX LTD	2021.06~2023.06	Chartering of the Company's vessels	None
	SURE SUCCESS STEAMSHIP S.A. and PEFECT BULK LIMITED	2022.06~2023.09	Chartering of the Company's vessels	None
	SHINING STEAMSHIP INTERNATIONAL S.A. and CHIPOLPEK (CHINESE POLISH (BEIJING) INTERNATIONAL FORWARDING CO., LTD)	2021.01~2023.12	Chartering of the Company's vessels	None
	EXCELLENT STEAMSHIP INTERNATIONAL S.A. and PORT DRAGON CHARTERING INC	2021.08~2026.09	Chartering of the Company's vessels	None
Operation Agreemen	BLACK SEA STEAMSHIP S.A. and CLIPPER GROUP (MANAGEMENT) LTD.	2016.09~2022.10	Operate the vessels for the Company	None
	SHIP BULKER STEAMSHIP S.A. and CLIPPER GROUP (MANAGEMENT) LTD.	2016.04~2022.11	Operate the vessels for the Company	None
	BEST STEAMSHIP S.A. and BAUMARINE BY MARUKLAV	2021.01.09 ~ No termination date (either party may terminate the contract by written notice before the end of any voyage).	Operate the vessels for the Company	None
Borrowing contracts	Mariner Finance Ltd. and Sunny Bank Ltd.	2022.06.13～2025.06.13	Interest is charged quarterly and the principal is repayable in installments.	None
	Mariner Finance Ltd. and Entie Commercial Bank, Ltd.	2020.07.29～2022.07.19	Interest is charged quarterly and the principal is repayable in installments.	None
	Mariner Finance Ltd. and Taichung Commercial Bank Co., Ltd.	2019.09.23～2022.09.23	Interest is charged monthly and the principal is repaid once at maturity.	None
	Mariner Finance Ltd.與 SIIC Leasing	2021.08.31～2024.08.11	Interest is charged monthly and the principal is repaid once at maturity.	None

Contract nature	Party	Contract start and end date	Main content	Restrictions
	Mariner Finance Ltd. and Zhongchan Leasing	2019.09.23～2022.09.23	Interest is charged monthly and the principal is repaid once at maturity.	None
	Jinan Youli Car Leasing Ltd. and Jinan Asia United Finance Co., Ltd.	2022.06.10～2023.06.10	Interest is charged monthly and the principal is repayable in installments.	None
Borrowing contracts	Haikou Zhuke Technology Co., Ltd. and IBT International Leasing Corp.	2020.12.25～2023.12.25	Interest is charged monthly and the principal is repaid once at maturity.	None
Borrowing contracts	ROYAL SUNWAY DEVELOPMENT CO., LTD. and Bank of Panhsin	2022.09.27～2023.09.27	Loans for finished houses for sales purpose.	None
Borrowing contracts	ROYAL SUNWAY DEVELOPMENT CO., LTD. and Taichung Commercial Bank	2020.11.18～2023.11.24	Land financing	None
	ROYAL SUNWAY DEVELOPMENT CO., LTD. and Shin Kong Commercial Bank	Within three years from the date of identity verification	Construction financing	None
	ROYAL SUNWAY DEVELOPMENT CO., LTD. and Taishin International Bank	Within three years from the date of identity verification	Construction financing	None
Joint construction contract	The Company and Chengshi International Investment Co., Ltd. as well as ROYAL SUNWAY DEVELOPMENT CO., LTD. and Chengshi International Investment Co., Ltd.	2020.11.16	Joint construction contract for Cadastral Number 55, 70, 73 and 74 of Yongfu Section, Tucheng District, New Taipei City	None
Finance Contract	GORG and CTBC Bank	2022/10/31~2024/10/31	GORG and CTBC Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE
Finance Contract	GORG and Entie Commercial Bank	2022/05/13~2023/15/13	GORG and Entie Commercial Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE
Finance Contract	GORG and Entie Commercial Bank	2022/06/29~2024/06/29	GORG and Entie Commercial Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE
Finance Contract	GORG, Grand Citi Ltd. and BEA	2022/05/06~2023/05/06	GORG, Grand Citi Ltd. and BEA had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE
Finance Contract	GORG and BEA	2022/11/04~2025/11/04	GORG and BEA had cosigned a letter of credit for the financing amount and banking services provided by the latter.	Letter of Credit opened by Bank of East Asia (China) Limited
Finance Contract	GORG and KGI Bank	2022/11/16~2024/11/16	GORG and KGI Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE

Contract nature	Party	Contract start and end date	Main content	Restrictions
Finance Contract	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. and Hankou Bank Co., Ltd. Wanda Plaza Branch	2022/11/03~2025/11/03	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. acquired a credit facility of real estate mortgage loan from Hankou Bank Co., Ltd. Wanda Plaza Branch.	Real Estate Mortgage Setting
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and China Merchants Bank Co., Ltd. Shanghai Tianshan Branch	2022/12/12~2025/12/11	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility of real estate mortgage loan from China Merchants Bank Co., Ltd. Shanghai Tianshan Branch.	Real Estate Mortgage Setting
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and CTBC Bank Shanghai Branch	2019/08/07~2022/08/05	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility from CTBC Bank Shanghai Branch	NONE
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and CTBC Bank Shanghai Branch	2020/11/16~2023/11/15	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility from CTBC Bank Shanghai Branch	NONE
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and CTBC Bank Shanghai Branch	2020/07/29~2023/07/28	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility from CTBC Bank Shanghai Branch	NONE
Insurance Contract	The Company and Fubon Product Insurance Co., Ltd.	2022/10/01~2023/10/01	The Company and Fubon Product Insurance Co., Ltd. has cosigned a liability insurance contract for Directors and managers.	NONE
Lease Contract	Taiwan Office of the Company and the Final Parent Company – First Steamship Co., Ltd.	2022/07/01~2023/06/30	Taiwan office of the Company leased an office from First Steamship Co., Ltd.	NONE

Contract nature	Party	Contract start and end date	Main content	Restrictions
Lease Contract	Grand Ocean Classic Commerical Group Co., Ltd. and Shanghai Tianan Center Building Co., Ltd.	2016/5/1~2024/4/30	Grand Ocean Classic Commerical Group Co., Ltd. leased an office from Shanghai Tianan Center Building Co., Ltd.	NONE
Lease Contract	Nanjing Grand Ocean Classic Commerical Limited and Nanjing Tiandu Industrial Co., Ltd.	2023/1/1~2032/12/31	Nanjing Grand Ocean Classic Commerical Limited leased the department store location from Nanjing Tiandu Industrial Co., Ltd.	NONE
Lease Contract	Nanjing Grand Ocean Classic Commerical Limited and Nanjing Red Sun Real Estate Development Co., Ltd.	2011/5/1~2031/4/30	Nanjing Grand Ocean Classic Commerical Limited leased the properties as the department store location for Nanjing Secondary Store from Nanjing Red Sun Real Estate Development Co., Ltd.	NONE
Lease Contract	Hefei Grand Ocean Classic Commerical Development Limited and Anhui Meiyuan Investment Real Estate Co., Ltd.	2021/5/1~2036/9/30	Hefei Grand Ocean Classic Commerical Development Limited leased the department store location from Anhui Meiyuan Investment Real Estate Co., Ltd.	NONE
Lease Contract	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. Wuhan Wanda Commercial Plaza Co., Ltd. and Wuhan Holding Company Ltd.	2004/12/18~2025/1/31	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. leased the department store location from Wuhan Holding Company Ltd.	NONE
Lease Contract	Wuhan Optics Valley Grand Ocean Commerical Development Limited and Wuhan Lijia Real Estate Co., Ltd.	2008/8/1~2028/7/31	Wuhan Optics Valley Grand Ocean Commerical Development Limited leased the department store location from Wuhan Lijia Real Estate Co., Ltd.	NONE
Lease Contract	Wuhan Hanyang Grand Ocean Classic Commercial Limited and Wuhan Trade State-owned Holding Group Co., Ltd.	2009/6/30~2029/6/30	Wuhan Hanyang Grand Ocean Classic Commercial Limited leased the department store location from Wuhan Trade State-owned Holding Group Co., Ltd.	NONE
Lease Contract	Yichang Grand Ocean Commerical Limited and Yichang Xinhengji Investment Development Co., Ltd.	2011/9/10~2031/9/9	Yichang Grand Ocean Commerical Limited leased the department store location from Yichang Xinhengji Investment Development Co., Ltd.	NONE
Lease Contract Supplementary Agreement	Yichang Grand Ocean Commerical Limited and Yichang Xinhengji Investment Development Co., Ltd.	2017/10/10~2031/9/9	To increase the area of the leased basement floor, with an area of approximately 5,300 square meters.	NONE
Lease Contract	Chongqing Optics Valley Grand Ocean Commerical Development Limited and Chongqing Zhengsheng Real Estate Co., Ltd.	2009/3/1~2029/2/28	Chongqing Optics Valley Grand Ocean Commerical Development Limited leased the department store location from Chongqing Zhengsheng Real Estate Co., Ltd.	The company has already sent a letter to

Contract nature	Party	Contract start and end date	Main content	Restrictions
				terminate the lease agreement (the contract will be terminated after the end of the mall's operation on October 31, 2022), and the subsequent dispute will be resolved through litigation.
Lease Contract	Fuzhou JIARUIXING Business Administration Limited and Fujian Dongbai Group Co., Ltd.	2018/8/2~2028/8/2	Fuzhou JIARUIXING Business Administration Limited leases the location for department store business from Fujian Dongbai Group Co., Ltd.	NONE
Lease Contract	Shanghai Grand Ocean 1,000 Trees Commercial Management Co., Ltd and Shanghai Arc de Triomphe Enterprise Development Co., Ltd.	2022/1/1~2041/12/31	Shanghai Grand Ocean 1,000 Trees Commercial Management Co., Ltd leased a shopping center base from Shanghai Arc de Triomphe Enterprise Development Co., Ltd.	NONE
Contract on Commodity Housing Transaction	Quanzhou Grand Ocean Commerical Limited and Quanzhou Fuhua Commercial Building Co., Ltd.	2012/2/21	Quanzhou Grand Ocean Commerical Limited purchased the department store location from Quanzhou Fuhua Commercial Building Co., Ltd. (property certificate of B1F garage, B2F garage, B1F mall, 1F mall, 2F mall, 3F mall and 5F mall had been acquired; property certificate of 4F mall is still under processing)	NONE
Contract on Commodity Housing Pre-sale	Wuhan Optics Valley Grand Ocean Commerical Develpoment Limited and Hubei Grand Ocean Sino-Universe Investment Co., Ltd.	2017/1/18	Wuhan Optics Valley Grand Ocean Commerical Develpoment Limited purchased the properties in “Shiyan International Financial Center” from 1F to 7F with an area of approximately 36,000 square meters from Hubei Grand Ocean Sino-Universe Investment Co., Ltd., which is planned to serve as a follow-up department store location.	Except for cases where the progress of obtaining property ownership certificates for the first floor is affected by external factors such as relocation households,

Contract nature	Party	Contract start and end date	Main content	Restrictions
				property ownership certificates for properties ranging from the second floor to the seventh floor have been obtained.

Six. Finance Overview

I. Condensed balance sheet and statement of comprehensive income, the name of CPA and audit opinion for the last 5 years

(I) Condensed balance sheet and statement of comprehensive income

(1) Consolidated condensed balance sheet

Unit: Thousand NT$

Item \ Year		Financial data for the last 5 years (Note 1)				
		2018	2019	2020 (After modification)	2021	2022
Current assets		11,379,427	8,657,781	7,973,374	7,916,425	6,478,267
Property, plant and equipment (Note 2)		13,427,506	13,578,283	12,874,104	13,833,681	13,739,553
Intangible assets		2,213,422	2,136,205	2,072,474	2,038,984	2,061,101
Other assets (Note 2)		7,454,738	13,897,496	13,362,977	15,198,286	13,486,665
Total assets		34,475,093	38,269,765	36,282,929	38,987,376	35,765,586
Current liabilities	Before distribution	12,342,157	10,995,772	13,625,765	9,241,538	7,210,881
	After distribution	12,405,245	11,057,860	13,625,765	9,241,538	7,210,881
Non-current liabilities		9,053,224	14,015,235	10,666,452	16,486,788	14,909,640
Total liabilities	Before distribution	21,395,381	25,011,007	24,292,217	25,728,326	22,120,521
	After distribution	21,458,469	25,197,272	24,292,217	25,728,326	22,120,521
Equity attributable to shareholders of the parent		8,712,372	9,141,407	8,348,034	9,818,155	10,524,886
Capital stock	Before distribution	6,308,832	6,308,832	6,867,627	8,347,761	8,347,761
	After distribution	6,308,832	6,867,627	6,867,627	8,347,761	8,347,761
Capital surplus	After distribution	1,953,436	1,947,686	1,917,673	1,906,116	1,926,712
	After distribution	1,953,436	1,761,421	1,917,673	1,906,116	1,926,712
Retained earnings	Before distribution	680,956	1,450,781	468,041	641,378	648,789
	After distribution	617,868	829,898	468,041	641,378	648,789
Other equity		(230,852)	(565,892)	(810,816)	(982,609)	(303,885)
Treasury shares		0	0	(94,491)	(94,491)	(94,491)
Non-controlling interests		4,367,340	4,117,351	3,642,678	3,440,895	3,120,179
Total equity	Before distribution	13,079,712	13,258,758	11,990,712	13,259,050	13,645,065
	After distribution	13,016,624	13,196,670	11,990,712	13,259,050	13,645,065

Note 1: The financial data were audited and attested by the CPA.
Note 2: No asset revaluation was performed for these years.
Note 3: For the reason for the modification in 2020, see p.3-1 Emphasis of Matter paragraph in

the 2021 Parent Company Only Financial Statements and Independent Auditors' Report.

(2) Consolidated condensed comprehensive income statement

Unit: Thousand NT$

Item \ Year	Financial data for the last 5 years (Note 1)				
	2018	2019	2020 (After modification)	2021	2022
Operating revenue	8,043,875	8,132,005	6,441,828	6,925,974	6,326,043
Operating gross profit	5,732,551	5,459,840	3,619,694	4,441,695	4,318,727
Operating profits or losses	1,308,248	1,420,684	316,584	877,281	601,632
Non-operating income and expenses	(868,080)	594,342	(535,060)	(515,854)	(739,158)
Net profits before tax	440,168	2,015,026	(218,476)	361,427	(137,526)
Net profits (losses) before tax from continuing operations	219,589	1,671,279	(168,300)	53,095	(355,430)
Losses from discontinued operations	-	-	-	-	-
Net profits (losses) for the period	219,589	1,671,279	(168,300)	53,095	(355,430)
Other comprehensive income for the period (net after-tax)	24,238	(506,090)	(133,894)	(185,057)	697,700
Total comprehensive income for the period	243,827	1,165,189	(302,194)	(131,962)	342,270
Net profits attributable to shareholders of the parent	6,400	1,404,377	(141,887)	151,866	6,035
Net profits attributable to non-controlling interests	213,189	266,902	(26,413)	(98,771)	(361,465)
Comprehensive income attributable to shareholders of the parent	113,110	1,069,744	(339,642)	(21,202)	686,135
Comprehensive income attributable to non-controlling interests	130,717	95,445	37,448	(110,760)	(343,865)
Earnings per share ($NT)	0.01	2.04	(0.21)	0.20	0.01

Note 1: The financial data were audited and attested by the CPA.

Note 2: For the reason for the modification in 2020, see p.3-1 Emphasis of Matter paragraph in the 2021 Parent Company Only Financial Statements and Independent Auditors' Report.

(3) Stand-alone condensed balance sheet

Unit: Thousand NT$

Item \ Year		Financial data for the last 5 years (Note 1)				
		2018 (Restated)	2019	2020 (After modification)	2021	2022
Current assets		684,061	1,108,144	1,160,192	1,470,983	1,616,035
Property, plant and equipment (Note 2)		179,413	176,065	172,903	169,727	167,766
Intangible assets		-	-	-	-	-
Other assets (Note 2)		13,059,635	11,312,869	11,146,780	10,964,474	11,260,433
Total assets		13,923,109	12,597,078	12,479,875	12,605,184	13,044,234
Current liabilities	Before distribution	3,511,141	1,756,830	3,771,243	788,458	640,807
	After distribution	3,574,229	2,005,183	3,771,243	788,458	640,807
Non-current liabilities		1,699,596	1,698,841	360,598	1,998,571	1,878,541
Total liabilities	Before distribution	5,210,737	3,455,671	4,131,841	2,787,029	2,519,348
	After distribution	5,273,825	3,704,024	4,131,841	2,787,029	2,519,348
Equity attributable to shareholders of the parent		-	-	-	-	-
Capital stock	Before distribution	6,308,832	6,308,832	6,867,627	8,347,761	8,347,761
	After distribution	6,308,832	6,867,627	6,867,627	8,347,761	8,347,761
Capital surplus	Before distribution	1,953,436	1,947,686	1,917,673	1,906,116	1,926,712
	After distribution	1,953,436	1,761,421	1,917,673	1,906,116	1,926,712
Retained earnings	Before distribution	680,956	1,450,781	468,041	641,378	648,789
	After distribution	617,868	829,898	468,041	641,378	648,789
Other equity		(230,852)	(565,892)	(810,816)	(982,609)	(303,885)
Treasury shares		-	-	(94,491)	(94,491)	(94,491)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	8,712,372	9,141,407	8,348,034	9,818,155	10,524,886
	After distribution	8,649,284	8,993,054	8,348,034	9,818,155	10,524,886

Note 1: The financial data were audited and attested by the CPA.

Note 2: No asset revaluation was performed for these years.

Note 3: Please refer to the emphasis of matter paragraph P3-1 of the 2019 standalone Financial Report and Accountant's review report for the reasons for the restatement of 2018.

Note 4: For the reason for the modification in 2020, see p.3-1 Emphasis of Matter paragraph in the 2021 Parent Company Only Financial Statements and Independent Auditors' Report.

(4) Standalone condensed statement of comprehensive income

Unit: Thousand NT$

Item \ Year	Financial data for the last 5 years (Note 1)				
	2018 (Restated)	2019	2020 (After modification)	2021	2022
Operating revenue	79,969	76,188	71,499	76,902	87,854
Operating gross profit	63,440	59,765	54,496	61,168	67,770
Operating profits or losses	(2,058)	(32,423)	(5,501)	(5,188)	(8,336)
Non-operating income and expenses	(42,622)	1,453,233	(136,822)	156,731	9,625
Net profits (losses) before tax	(44,680)	1,420,810	(143,323)	151,543	1,289
Net profits (losses) before tax from continuing operations	6,400	1,404,377	(141,887)	151,866	6,035
Losses from discontinued operations	-	-	-	-	-
Net profits (losses) for the period	6,400	1,404,377	(141,887)	151,866	6,035
Other comprehensive income for the period (net after-tax)	106,710	(334,633)	(197,755)	(173,068)	680,100
Total comprehensive income for the period	113,110	1,069,744	(339,642)	(21,202)	686,135
Net profits attributable to shareholders of the parent	not applicable	not applicable	not applicable	not applicable	not applicable
Net profits attributable to non-controlling interests	not applicable	not applicable	not applicable	not applicable	not applicable
Comprehensive income attributable to shareholders of the parent	not applicable	not applicable	not applicable	not applicable	not applicable
Comprehensive income attributable to non-controlling interests	not applicable	not applicable	not applicable	not applicable	not applicable
Earnings per share ($NT)	0.01	2.04	(0.21)	0.20	0.01

Note 1: The financial data were audited and attested by the CPA.
Note 2: Please refer to the emphasis of matter paragraph P3-1 of the 2019 standalone Financial Report and Accountant's review report for the reasons for the restatement of 2018.
Note 3: For the reason for the modification in 2020, see p.3-1 Emphasis of Matter paragraph in the 2021 Parent Company Only Financial Statements and Independent Auditors' Report.

(III) The name of CPA and the audit opinions

Year	CPA firm	Name of attesting CPA	Audit opinions
2018	KPMG Taiwan	Li-Chen Lai, Shu-Ling Lien	Unqualified option and emphasis of matter or other matters paragraph audit
2019	KPMG Taiwan	Shu-Ying Chang, Li-Chen Lai	Unqualified option and emphasis of matter or other matters paragraph audit
2020	KPMG Taiwan	Shu-Ying Chang, Li-Chen Lai	Unqualified option and emphasis of matter or other matters paragraph audit
2021	KPMG Taiwan	Shu-Ying Chang, Li-Chen Lai	Unqualified option and emphasis of matter or other matters paragraph audit
2022	KPMG Taiwan	Shu-Ying Chang, Li-Chen Lai	Unqualified option and emphasis of matter or other matters paragraph audit

II. Financial analysis for the last 5 years

(I) Consolidated financial analysis

Analysis Item \ Year		Financial analysis for the last 5 years (Note 1)					Change for the last two years (%)	Note
		2018	2019	2020 (After modification)	2021	2022		
Financial structure (%)	Debts to assets ratio	62.06	65.35	66.95	65.99	61.85	(6.27)	
	Long-term capital to property, plant, and equipment ratio	164.83	200.86	175.99	215.02	207.83	(3.34)	
Liquidity (%)	Current ratio	92.20	78.74	58.52	85.66	89.84	4.88	
	Quick ratio	79.25	66.49	43.58	63.51	56.19	(11.53)	
	Interests coverage multiplier	199.59	314.45	71.71	153.05	83.89	(45.19)	Note 2
Operating performance (%)	Accounts receivable turnover rate (times)	9.49	7.54	7.14	9.88	11.77	19.13	Note 3
	Average collection days	38.46	48.40	51.12	36.94	31.01	(16.05)	
	Inventory turnover rate (times)	2.42	2.67	2.11	1.50	1.11	(26.00)	Note 4
	Accounts payable turnover rate (times)	0.59	0.79	1.05	1.15	1.35	17.39	
	Average sales days	150.82	136.70	172.98	243.33	328.82	35.13	
	Property, plant and equipment turnover rate (times)	0.59	0.60	0.49	0.52	0.46	(11.54)	
	Total assets turnover rate (times)	0.23	0.22	0.17	0.18	0.17	(5.56)	
Profitability	Return on assets (%)	1.65	6.66	1.21	1.59	0.88	(44.65)	Note 5
	Return on equity (%)	1.69	12.69	(1.33)	0.42	(2.64)	(728.57)	
	Net profits before tax to paid-in capital (%)	6.98	31.94	(3.18)	4.33	(1.65)	(138.11)	
	Net profit margin (%)	2.73	20.55	(2.61)	0.77	(5.62)	(829.87)	
	Earnings per share ($NT)	0.01	2.04	(0.21)	0.20	0.01	(95.00)	
Cash flow	Cash flow ratio (%)	7.43	18.96	1.47	27.59	6.51	(76.40)	Note 6
	Cash flow adequacy ratio (%)	35.22	47.15	54.16	87.53	104.06	18.88	
	Cash reinvestment ratio (%)	2.10	4.02	(0.28)	4.93	0.90	(81.74)	
Leverage	Operating leverage	5.44	4.29	14.36	5.69	7.76	36.38	Note 7
	Financial leverage	1.51	2.95	(0.69)	4.48	(2.39)	(153.35)	

Note 1: The financial data were audited and attested by the CPA.

Note 2: The ratio of Interests coverage multiplier was changed due to the increase in equity and long-term borrowings.

Note 3: The change in accounts receivable turnover and average collection days is due to the decrease in operating income and accounts receivable in 2022.

Note 4: The change in inventory turnover rate and average sales days was due to the purchase of land for construction in 2022 which has yet to be developed.

Note 5: The change in profitability is due to the decrease in department store revenue resulted in a decrease in operating net profit, and the increase in interest expenses and expected credit impairment losses in non-operating expenses resulted in losses in the current period's operations.

Note 6: The change in cash flow ratio is mainly due to the decrease in net cash inflow from operating activities in this period compared with last period .

Note 7: The change in operating leverage and financial leverage is mainly due to the decrease in operating profits and the increase in interest expenses in 2022.

(II) Stand-alone financial analysis

Analysis Item	Year	Financial analysis for the last 5 years (Note 1)					Variance %	Note
		2018 (Restated)	2019	2020 (After modification)	2021	2022		
Financial structure (%)	Debts to assets ratio	37.43	27.43	33.11	22.11	19.31	(12.66)	
	Long-term capital to property, plant, and equipment ratio	5,803.35	6,156.96	5,036.72	6,962.20	7,393.29	6.19	
Liquidity (%)	Current ratio	19.48	63.08	30.76	186.56	252.19	35.18	Note 2
	Quick ratio	19.02	62.70	16.95	185.93	170.93	(8.07)	
	Interests coverage multiplier	44.24	1,103.55	(1.63)	260.53	102.40	(60.70)	Note 3
Operating performance (%)	Accounts receivable turnover rate (times)	3.69	4.57	13.46	13.61	18.13	33.21	Note 4
	Average collection days	98.92	79.87	27.12	26.82	20.13	(24.94)	
	Inventory turnover rate (times)	Not applicable	Not applicable	0.07	0.03	0.04	33.33	Note 5
	Accounts payable turnover rate (times)	Not applicable	Not applicable	-	-	-	-	
	Average sales days	Not applicable	Not applicable	5,214.29	12,166.67	9,125.00	(25.00)	
	Property, plant and equipment turnover rate (times)	0.25	0.24	0.22	0.25	0.28	12.00	
	Total assets turnover rate (times)	0.01	0.01	0.01	0.01	0.01	0.00	
Profitability	Return on assets (%)	0.53	11.48	(0.20)	1.84	0.39	(78.80)	Note 6
	Return on equity (%)	0.07	15.73	(1.62)	1.67	0.06	(96.41)	
	Net profits before tax to paid-in capital (%)	(0.71)	22.52	(2.07)	1.82	0.02	(98.90)	
	Net profit margin (%)	8.00	1,843.30	(198.45)	197.48	6.87	(96.52)	
	Earnings per share ($NT)	0.01	2.04	(0.21)	0.20	0.20	0.00	
Cash flow	Cash flow ratio (%)	-	-	-	4.85	-	(100.00)	Note 7
	Cash flow adequacy ratio (%)	14.78	0.78	0.87	2.16	1.25	(42.13)	
	Cash reinvestment ratio (%)	0.00	(0.58)	(2.83)	0.32	0.00	(100.00)	
Leverage	Operating leverage	(30.83)	(1.84)	(9.91)	(11.79)	(8.13)	31.04	Note 8
	Financial leverage	0.03	0.19	0.04	0.05	0.13	160.00	

Note 1: The financial data were audited and attested by the CPA.
Note 2: The change in the current ratio and quick ratio was due to increase in cash after sale of assets to be sold and increase in borrowings from related parties.
Note 3: The change in the interests coverage multiplier was due to the decrease in the operating segment's net profits before tax and interest expense in 2022.
Note 4: The change in accounts receivable turnover rate and average collection days was due to the increase in operating revenue and the decrease in accounts receivable.
Note 5: The change in inventory turnover rate and average sales days was due to the purchase of land for construction from 2020 to 2022 which has yet to be developed.
Note 6: The change in profitability due to the decrease in post-tax profits in 2022 (including recognition of the losses of investees accounted for using the equity method).
Note 7: The change in cash flow ratio is due to the net cash outflow from operating activities in the current period.
Note 8: The change in operating leverage and financial leverage is mainly due to the decrease in interest expenses in 2022.

Calculation formula of financial analysis - IFRS

1. Capital structure
   (1) Debts to assets ration = total liabilities/total assets
   (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment
2. Liquidity
   (1) Current ratio = current assets/current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities
   (3) Interests coverage multiplier = net profits before tax and interest expense/interest expense for the period
3. Operating performance (%)
   (1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations) (2) Average collection days = 365/accounts receivable turnover rate
   (3) Inventory turnover rate = costs of goods sold/average inventory
   (4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations)
   (5) Average sales days = 365/inventory turnover rate.
   (6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment
   (7) Total assets turnover rate = net sales/average total assets
4. Profitability
   (1) Return on assets = [net profits after-tax + interest expense x (1 - tax rate)]/average total assets
   (2) Return on equity = net profits after-tax/average total equity
   (3) Net profits margin = net profits after-tax/net sales
   (4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding (Note A)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
   (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the last 5 years / sum of capital expenditures, inventory additions, and cash dividend for the last 5 years.
   (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals). (Note B)
6. Leverage:
   (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating profits. (Note C)
   (2) Financial leverage = operating profits / (operating profits - interest expense).

Note A: Special attention should be paid to the following when measuring earnings per share with the above calculation formula.

1. Based on the weighted-average number of common shares rather than the number of shares outstanding at the end of the year.
2. Where there is cash capital increase or treasury stock transactions, the weighted average number of shares should be used considering the period of circulation.
3. Where there is a capital increase by retained earnings or capital surplus, when calculating the annual or semi-annual earnings per share for previous years, retrospective adjustments should be made in proportion to the capital increase, regardless of the issuance period of such capital increase.
4. If the preferred shares are non-convertible and cumulative, their dividends for the current year (whether paid or not) should be deducted from the net profits after-tax or added to the net losses after-tax. If the preferred shares are non-cumulative, their dividends should be deducted from net profits after-tax if there are net profits after-tax; if there are net losses, no adjustment is required.

Note B: Special attention should be paid to the following in performing cash flow analysis.

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures represent the annual cash outflows from capital investments.
3. Increase in inventory is included only if the ending balance is greater than the beginning balance or zero if inventory decreases at the end of the year.
4. Cash dividends include cash dividends on common stock and preferred stock.
5. Gross property, plant and equipment represent the total amount of property, plant and equipment before accumulated depreciation.

Note C: The issuer should distinguish between fixed and variable operating costs and operating expenses according to their nature, and where estimates or subjective judgments are involved, pay attention to the reasonableness and maintain consistency.

Note D: If the Company's stock has no face value or the face value per share is not NT$10, the ratios related to paid-in capital in the preceding paragraph should be replaced with the ratio of equity attributable to shareholders of the parent in the balance sheet.

III. Audit Committee’s audit report on the financial statements for the last year

Audit Committee’s review report

The Board of Directors prepared the Company's 2022 business report, consolidated financial statements, etc. The consolidated financial statements were audited by CPAs Shu-Ying Chang and Li-Chen Lai from KPMG, who have issued an audit report. The above-mentioned business report, consolidated financial statement, and profit or loss make-up proposal have been audited by the Audit Committee, and no discrepancies were found. In accordance with Article 14-4 of the Securities and Exchange Act of the Republic of China and Article 219 of the Company Act, we report the foregoing for your review.

To

The 2023 regular shareholders’ meeting of FIRST STEAMSHIP COMPANY LIMITED

FIRST STEAMSHIP COMPANY LIMITED

Audit Committee Convener: Tseng-Ping Chao

March 31, 2023

IV. For the last year’s financial statements: refer to page 253 of this annual report.

V. The Company's audited and attested financial statements for the last year: refer to page 354 of this annual report.

VI. If the Company or its affiliates have experienced financial difficulties in the last year or during the current year up to the date of publication of the annual report, their effects on the Company’s financial status should be described: None.

Seven. Review and analysis of financial position and financial performance, and risks

I. Comparative Analysis of Financial Status

(I) Assets, liabilities and equity for the last two years

Financial Statements of First STEAMSHIP and Subsidiaries

Unit: Thousand NT$

Item \ Year	2022	2021	Increase or decrease	
			Amount	%
Current assets	6,478,267	7,916,425	(1,438,158)	(18.17)
Property, plant and equipment	13,739,553	13,833,681	(94,128)	(0.68)
Right-of-use assets	11,089,224	12,448,250	(1,359,026)	(10.92)
Intangible assets	2,061,101	2,038,984	22,117	1.08
Other assets	2,397,441	2,750,036	(352,595)	(12.82)
Total Assets	35,765,586	38,987,376	(3,221,790)	(8.26)
Current liabilities	7,210,881	9,241,538	(2,030,657)	(21.97)
Non-current liabilities	14,909,640	16,486,788	(1,577,148)	(9.57)
Total liabilities	22,120,521	25,728,326	(3,607,805)	(14.02)
Capital stock	8,347,761	8,347,761	0	0.00
Capital surplus	1,926,712	1,906,116	20,596	1.08
Retained earnings	648,789	641,378	7,411	1.16
Other equity	(303,885)	(982,609)	678,724	(69.07)
Treasury shares	(94,491)	(94,491)	0	0.00
Non-controlling interests	3,120,179	3,440,895	(320,716)	(9.32)
Total equity	13,645,065	13,259,050	386,015	2.91

Explanation for items with an increase or decrease by more than 20%:

1. Current liability: Short-term loans and long-term loans due within one year decreased, and accounts payable decreased compared with the same period last year
2. Other equity: Decrease in exchange differences on translation of foreign financial statements.

(II) Effect of changes in financial status: No significant effect on financial status.

(III) Future corresponding measures: Not applicable.

II. Comparative Analysis of Financial Performance

(I) Operating revenues, operating net profits and net profits before tax for the last two years

Financial Statements of First STEAMSHIP and Subsidiaries

Unit: Thousand NT$

Item \ Year	2022	2021	Increase or decrease	
			Amount	%
Operating revenue	6,326,043	6,925,974	(599,931)	(8.66)
Operating costs	2,007,316	2,484,279	(476,963)	(19.20)
Operating gross profit	4,318,727	4,441,695	(122,968)	(2.77)
Operating expenses	3,717,095	3,564,414	152,681	4.28
Operating net profits	601,632	877,281	(275,649)	(31.42)
Non-operating incomes and expenses	(739,158)	(515,854)	(223,304)	(43.29)
Net profits (losses) before tax	(137,526)	361,427	(498,953)	(138.05)
Income tax expense (benefit)	217,904	308,332	(90,428)	(29.33)
Net profits (losses) for the period	(355,430)	53,095	(408,525)	(769.42)
Other comprehensive income for the period (net after-tax)	697,700	(185,057)	882,757	477.02
Total comprehensive income for the period	342,270	(131,962)	474,232	359.37
Net profits (losses) for the period attributable to shareholders of the parent company	6,035	151,866	(145,831)	(96.03)
Comprehensive income attributable to shareholders of the parent	(361,465)	(98,771)	(262,694)	(265.96)

Explanation for items with an increase or decrease by more than 20%:

1. Operating net profit：Gross profit of the department store business decreased and operating expenses increased, resulting in a decrease in operating net profit.
2. Non-operating income and expenses：See P59 of the 2022 consolidated financial statements.
   (1) The change in other gains and losses：See P33、59 of the 2022 consolidated financial statements..
   (2) The change in finance costs：Due to borrowing interest rates increased compared with the same period last year, resulting in an increase in interest expenses
   (3) The change in impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9, net：Evaluate expected credit losses for financial assets measured at amortized cost in accordance with international accounting standards.
3. Net profits before tax and net profits for the period：Please refer to Notes 1, 2.

4. Income tax expense (benefit)：In the current period, due to the decrease in the net profit before tax of the department store business, the income tax expense decreased.

5. Other comprehensive income (after-tax) for the period：Due to the increase in exchange differences on the translation of foreign financial statements compared with last year.

6. Total comprehensive income for the period and total comprehensive income attributable to shareholders of the parent ： Please refer to the explanation above.

7. Net profits (losses) for the period attributable to shareholders of the parent company ： Please refer to the explanation above.

(II) Expected sales volume and forecast basis, possible impact on the Company's future financial and business matters and corresponding measures:

The businesses of the Group are mainly marine transportation and department store. Due to the characteristics of the industries, the expected sales volume is not applicable. For details of the possible impact on the Company's future financial and business matters and corresponding measures, please refer to the Market and production and sales overview of the Five. Operation Overview - Market Analysis in this annual report.

III. Review and Analysis of Cash Flow

(I) Analysis of 2022 cash flow

Unit: Thousand NT$

Cash balance, beginning of period	Net cash inflow from operating activities during the year	Net cash inflow from investing activities during the year	Net cash inflow from financing activities during the year	Exchange rate impact amount	Cash balance	Remedies for cash shortfall	
						Investment plan	Financing plan
4,295,055	528,428	218,045	-2,172,291	117,960	2,987,197	Not applicable	Not applicable

1. Analysis of change in cash flow in the current year:
   (1) Operating activities: Net cash inflow was approximately NT$528,428 thousand, mainly due to working capital as well as interest and income tax payments.
   (2) Investing activities: Net cash inflow of NT$218,045 thousand, mainly due to disposal of non-current assets to be sold and recovery of other receivables, and the acquisition of property, plant and equipment.
   (3) Financing activities: Net cash outflow of NT$2,172,291 thousand was mainly due to borrowings from banks, principal repayment of leases.
2. Remedies for cash shortfall and liquidity analysis: Not applicable.

(II) Cash flow analysis for the coming year

Unit: Thousand NT$

Cash balance, beginning of period	Net cash inflow from operating activities during the year	Net cash inflow from investing activities during the year	Net cash inflow from financing activities during the year	Cash balance	Remedies for cash shortfall	
					Investment plan	Financing plan
2,987,197	2,500,000	-200,000	-1,500,000	3,787,197	Not applicable	Not applicable

1. Analysis of change in cash flow for the coming year:

Operating activities: This represents revenues, costs and expenses of operating activities, interest paid and income taxes.

Investing activities: Docking maintenance of bulk carriers, the refurbishment of various stores, and long-term and short-term investments.

Financing activity: Mainly composed of payment of lease principal, and repayment and obtainment of bank loans for real estate development or operational use.

2. Remedies for cash shortfall and liquidity analysis: Not applicable.

IV. Effect of major capital expenditures on finance and business matters in the last year.

(I) Major capital expenditures and source of funds: None.

(II) Expected potential benefits

(1) Marine Transportation Business

In order to reduce operating costs, flexibly dispatch vessels and increase competitiveness, the Group constantly assesses the shipping market conditions and continuously expands its fleet scale to grow its maritime transportation business.

(2) Department Store Business: None.

V. Reinvestment policy for the last year, the main reasons for profits or losses, improvement plan and investment plan for the coming year.

(I) The Company’s reinvestment policy

The Company's investment policy is designed for long-term strategic purposes, and the investment targets are related to the industries in which the Company currently operates. The Company follows the internal control systems and the "Procedures for the Acquisition or Disposal of Assets.” It actively seeks other suitable strategic investment opportunities to expand the scope of the Group's operations in order to increase the Company's profitability.

(II) The main reasons for profits or losses for the last year and improvement plan.

December 31, 2022 Unit: Thousand NT$

Explanation / Item	Share-holding %	Book value	Profits or losses for the period	The main reasons for profits or losses	Improvement plan	Investment plan for the coming year
First Steamship S.A.	100	4,685,151	294,530	good operating condition	-	None
First Mariner Holding Ltd.	100	71,949	(385,864)	Due to the loss of the transfer investment subsidiary in the current period	-	None
Alliance Steamship S.A.	100	413,400	159,871	good operating condition	-	None
Best Steamship S.A.	100	525,660	96,539	good operating condition		None
Black Sea Steamship S.A.	100	339,565	61,608	good operating condition		None
Excellent Steamship International S.A.	100	280,139	48,422	good operating condition		None
Grand Steamship S.A.	100	535,701	122,411	good operating condition		None
Longevity Navigation S.A.	100	415,691	21,584	good operating condition		None

Item \ Explanation	Share-holding %	Book value	Profits or losses for the period	The main reasons for profits or losses	Improvement plan	Investment plan for the coming year
Praise Maritime S.A.	100	570,764	45,161	good operating condition	-	None
Reliance Steamship S.A.	100	404,314	49,885	good operating condition	-	None
Ship Bulker Steamship S.A.	100	423,454	113,717	good operating condition	-	None
Shining Steamship International S.A.	100	297,437	22,932	good operating condition	-	None
Sure Success Steamship S.A.	100	490,397	114,056	good operating condition	-	None
Grand Ocean Retail Group Ltd.	58.62	4,253,026	(832,847)	Please refer to the "5907 GORG-KY" annual report description	-	None
Yee Young Investment Co., Ltd.	100	3,093	(75)	-	-	None
Royal Sunway Development Co., Limited	55	144,169	(36,803)	The new project has not yet started	-	None
Da Yu Financial Holdings Limited	29.11	220,475	15,157	-	-	None
Sandmartin International Holdings Limited	28.98	0	(241,176)	Due to the heavy burden of interest expenses, the increase in supply chain costs affected by the epidemic, and the increase in depreciation expenses for the operation of the optical fiber network of the Nepal business	Cooperate with the developer's workshop to improve the real estate value and real estate income. Actively develop new customers, control the cost of the supply chain with the order quantity, and expect profit improvement after the supply chain eases. Nepal's Internet business sprints to fiber optic users	The company will handle cash capital increase in the first half of 2011 to improve its financial structure
Mariner Finance Ltd.	100	37,822	(341,233)	Affected by the epidemic situation in the mainland, tourism and business trips have been greatly reduced, and losses caused by reinvestment companies	Adjust the operating model to reduce operating expenses with an asset-light operating model	None

(III) Investment plan for the coming year: None.

VI. Analysis and evaluation of risks for the last year and the current year up to the date of publication of the annual report

(I) The impact of the changes in the interest rate and exchange rate, and inflation on the Company's profitability and corresponding future measures:

1. Interest rate risk

(1) Apart from the Department Store Business

The Group's interest rate risk comes mainly from long-term and short-term borrowings. Currently, interest rates remain at a certain level and the interest rate risk is not high. The majority of the borrowings were repaid on principal as scheduled, so even if interest rates increase, the magnitude is estimated to be small. Therefore, the risk of interest rate changes has no significant impact on the Group.

(2) Department Store Business

The Company borrows funds at variable interest rates, resulting in interest rate risk, which is partially offset by cash and cash equivalents held at floating interest rates and financial instruments with higher yields. The Company is in the retail industry and has sufficient cash flow from operating activities and is not exposed to cash flow risk. In addition, since 2018, we have effectively reduced foreign currency liabilities and appropriately increased RMB liabilities. Although the interest rate of RMB borrowing is higher than that of USD and EUR, the main operation is in China, which constitutes a natural hedge, and RMB liabilities can be deducted from corporate income tax, which has a tax shield effect.

2. Exchange rate risk

(1) Marine Transportation Business

The main operating incomes and expenses and capital expenditures of the bulk shipping business are mostly denominated in U.S. dollars. Therefore, there is no significant impact because of the risk of exchange rate changes.

(2) Department Store Business

The principal place of operation is in Mainland China, and the sales target of each department store location is the general consumers in Mainland China. The functional currency is the same as the denomination of the sales and purchase transactions, and the functional and denomination currencies of the mainland subsidiaries are RMB, so there is no exchange rate risk. The Company has effectively reduced its foreign currency liabilities and appropriately increased its RMB liabilities since 2018 to achieve the natural currency hedge between the currency of borrowings and the currency of cash flow from operations, and will continue to reduce its foreign currency liabilities to reduce the exchange rate risk.

3. Inflation

(1) Marine Transportation Business

The bulk shipping business is chartered based on time, voyage, bareboat or syndication. Inflation or deflation has no significant impact on the operation and profitability of the Group.

(2) Department Store Business

Despite the impact of inflation on consumers, the economy of China continues to grow and the income level of its residents continues to rise, resulting in higher consumer demand and spending power for the popular department store products offered by the Company. The Company also adjusts its department store product mix in response to changes in consumer spending. Therefore, up to now, there is no immediate significant impact due to the aforementioned inflation crisis, and the Company has effectively responded to the impact of inflation by following global political and economic changes and price fluctuations in the end product market, maintaining good interaction with suppliers and customers, as well as adjusting its purchasing and marketing strategies in an opportunistic manner, so that the Company will not be greatly impacted.

(II) Policies on high-risk, highly-leveraged investments, lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and corresponding future measures:

To control the risk of various transactions, the Group has established management procedures, including "Operating Procedures for Lending Funds to Others," "Operating Procedures for Endorsement and Guarantee," "Procedures for Acquisition or Disposal of Assets," and "Procedures for Financial Derivatives Transactions." It follows the relevant procedures to ensure effective management of various risk. The Group's subsidiaries have working capital needs, so there are cases of lending funds and providing endorsements or guarantees to each other. The fund lending, endorsement and guarantee are all handled are in accordance with the "Operating Procedures for Lending Funds to Others" and the "Operating Procedures for Endorsement and Guarantee." Currently, the Group does not engage in high-risk, highly leveraged derivative transactions and follows the "Procedures for Financial Derivatives Transactions" to control risks.

(III) Future R&D plans and the estimated expenses:

1. Marine Transportation Business

   The business is to provide transportation of ships so there are no R&D plans or expenses.

2. Department Store Business

   We are not involved in the research and development and manufacturing of the products, so we have no research and development plans and expenses. However, in view of the characteristics of the industry, the development and training of management personnel and the improvement of the quality of human resources are necessary to enhance the competitiveness of the Company in the future. As the competition in the department store industry intensifies, to rapidly improve the competitiveness of talents becomes a key factor for the success of the department store retail business. The Company will strengthen talent cultivation and manpower development, and provide systematic and professional service quality cultivation courses through the education and training mechanism to enhance the effectiveness of employee learning and talent training.

(IV) The impact of important domestic and foreign policy and legal changes on the Company's finance and business and corresponding measures

The management of the Group keeps abreast of important domestic and international policies and legal changes. It evaluates their impact on the Company in order to propose corresponding measures in a timely manner.

Some of the Group's reinvested companies are domiciled in the British Cayman Islands and the Virgin Islands. As the British Cayman Islands and the Virgin Islands implemented the Economic Substance Law in 2019, the Group's reinvested companies are now free from legal issues.

Some of the Group's reinvested companies are domiciled in Mainland China and Hong Kong. Mainland China is one of the major economies in the world, and its economic development and political environment remain stable. Still, Hong Kong is a special administrative region of China, and its political and economic development direction and risks will be affected by the direction of China's policies.

For the last year and the current year up to the date of publication of the annual report, the above circumstances did not have a material impact on the Group's finance and business matters.

(V) The impact of important changes in technology or industry on the Company's finance and business and corresponding measures:

1. Marine Transportation Business

The global shipbuilding industry is in the doldrums and shipyards, in order to attract shipowners to order new ships, are therefore designing ships with larger weight tonnage and more environmentally friendly and diverse structures to meet the demand with advanced design concepts. The host and auxiliary machines of the ship are oriented toward speed economy and minimum fuel consumption to reduce operating costs and at the same time, also to meet the environmental requirements of energy saving and carbon reduction.

In recent years, the international dry bulk shipping market has undergone drastic changes. The main market has gradually evolved from scattered shipowners, charterers and cargo owners to a centralized and integrated model with a variety of roles.

The Group's vessels are chartered based on time, voyage or syndication. Therefore, changes in technology and industry changes have not had a significant impact on the finance and business matters of the Company's marine transportation business in the last year and the current year up to the date of publication of the annual report.

2. Department Store Business

Today’s physical business is still the same physical business, but the market environment has changed. In the past, we cared about to which area has more traffic and where users have more consumption potential. But now, consumption is boundary-free, how to use better experience and better service to retain consumers and meet consumers’ in-depth needs is the key to obtain the added value. When consumers born in the 80s, 90s and even 2000s are used to the online life, the offline consumption must reflect the uniqueness and cares one level deeper to attract them. This requires higher capability for the story creation and scenario presentation of shopping centers. In recent years, we have actually witnessed the “power of scenarios” in business. The scenario creation has brought topics, traffic, and spontaneous communication to business...so that whoever comes here have an immersive sense of substitution, and all of these are finally transformed into the value increment of projects that becomes the real purchasing power and consumption power. The scenario power empowered by technologies has the competitive advantage more durable. In the era of experiential and immersive consumption, the attractiveness of traditional mainstream stores declines, and immersive experience is becoming the commercial “guests of honor” due to advantages such as their strong ability to attract customers and drive them. The immersive experience empowered by technologies, relying on its own strong technological effect, is becoming the engine of customer traffic for many offline businesses, attracting customer traffic and gathering popularity. While the online platform is not a core sales scenario of shopping malls and department stores, the sales volume is the ultimate closed-loop data. By expanding the two channels of online business + offline business, the sales data also show the effect of 1+1=2.

The Company has been committed to a full range of system integration, for the corresponding adjustment of the competitive environment faced by each store, towards the mall shopping center, in order to consolidate and expand the local market share, as well as establish product differentiation, and further introduce the business pattern and brands pursuant to the consumer habits. At the beginning of 2017, the company actively cooperated with China e-commerce companies and other industries. At present, all the stores of the Group have realized the support of QQ wallet, WeChat payment, Alipay, ApplePay, Quick Pass, JD Wallet and other mainstream electronic mobile payment fully in China. On the other hand, the Group has successfully cooperated with the companies such as JD, Meituan, Baiwang, Weimeng to expand the business and develop WeChat E-membership Cards and electronic invoices. By expanding the Company’s visibility and influence among young people, it advances toward the data department store, and expands the new smart consumer fashion market. In 2020, the “Boundary-Free Retail Sales Department” was established to integrate the Group’s online and offline channels. During the process of the Group’s digital transformation, the membership system was upgraded, and the data analysis app was launched to further enhance the intellectualization construction for incorporating omnichannel and all platforms to improve the shopping experience of members. Online sales has accounted for more than 11% of the current operating revenue, a satisfactory performance of online business. The Boundary-Free Sales Department will be upgraded to the Company’s micro-mall in 2023, for better enabling the consumers to shop conveniently, and the market analysis and evaluation by the Company.

(VI) The impact of change in the corporate image on corporate crisis management and corresponding measures：

The Group operates on the principle of stability and integrity, with a good corporate image, and continues to bring in more talented people to serve the Company, to build up the strength of the business team, return the results of the operation to the investing public, and fulfill the social responsibility of the enterprise. There was no such matter for the last year and the current year up to the date of publication of the annual report for the Group.

(VII) Expected benefits and possible risks of mergers and acquisitions and corresponding measures: Not applicable.

(VIII) Expected benefits and possible risks of plant expansion and corresponding measures

1. Marine Transportation Business

Not applicable

2. Department Store Business

The Company is a department store retailer, not a manufacturer, so there is no need for plan expansion. In addition, the expansion of department store locations is carefully evaluated and planned by the relevant units, and the expected benefits and possible risks are fully evaluated through a careful financial module. After the establishment of the new business locations, the relevant units will closely monitor the changes in the industry and the operating conditions and propose appropriate measures to address the risks that may arise.

(IX) Risks of concentrations of purchases or sales and corresponding measures:

1. Marine Transportation Business

Most of the consumables, spare parts, supplies, lubricating oil, fuel oil, etc., for ships are procured and replenished locally at any port convenient, and there is no risk of concentration. The choice of business customers is based on the level of freight rates, and there is no risk of concentration.

2. Department Store Business

The Company is a department store retailer with a diversified product lineup and does not concentrate its purchases or sales to a single vendor or customer, so there is no risk of concentration of purchases or sales.

(X) The impact on the Company and risks of the massive transfer or change of shares by directors or major shareholders with a 10% stake or more and corresponding measures:

If it is a legal and normal financial management activities of the shareholders, the transfer or change of equity will not have any impact or risk to the Company. For the last year and the current year up to the date of publication of the annual report, there has been no significant transfer or change of equity by the Company's directors or major shareholders with a 10% stake or more.

(XI) The impact on the Company and risks of change in management rights and corresponding measures: Not applicable.

(XII) Litigation or non-litigation events:

1. For the last two years and the current year up to the date of publication of the annual report, if the Company has been convicted by final and binding judgments or is still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the handling of the case as of the date of publication of the annual report shall be disclosed:

(1) Grand Ocean Classic Commercial Group Co., Ltd, Chongqing Optics Valley Grand Ocean Commercial Development Limited and Chongqing Zhengsheng Real Estate Co., Ltd. real estate lease contract dispute:

Since its opening in December 2008, the Chongqing store has been in operation for nearly 14 years, accumulating over 100 million RMB in losses during that time. While the impact of the development of online e-commerce and the ongoing COVID-19 pandemic since 2020 have contributed to the company's losses, the Chongqing store believes that the main reason for the mall's losses is the significant difference between the standard rent and the current market standard. Since 2019, the Chongqing store has been in communication with

Zhengsheng Real Estate, hoping to lower the rent to a reasonable standard through negotiation, litigation, and government platform coordination. Although the two sides reached a basic settlement plan in March 2022, Zhengsheng Real Estate unilaterally overturned the plan, making it difficult for the two sides to continue cooperation with trust. The Chongqing store has issued a "Closure and Termination Notice" to Zhengsheng Real Estate, and officially closed for external business after October 31, 2022.

As the closure of the Chongqing store is due to one party unilaterally terminating the lease contract, there are significant disputes between the two parties regarding the legal responsibility for the termination of the lease contract, the accounting of the previously unpaid rent and fees, and the calculation of the penalty for breach of contract. Therefore, the dispute between the two parties will be ultimately resolved through court ruling.

The owner of the Chongqing store, "Chongqing Zhengsheng Real Estate Co., Ltd.," has filed a lawsuit with the Chongqing Fifth Intermediate People's Court, listing the Dayang Group and the Dayang Chongqing store as joint defendants, requesting the court to: 1) confirm the rental area of the leased property under the lease contract; 2) order the Chongqing store to pay the unpaid rent (currently estimated at RMB 28,179,549.36); 3) order the Chongqing store to pay the penalty for breach of contract (currently estimated at RMB 13,585,587.61 until December 31, 2020); 4) order the Dayang Group to assume joint and several liability for the compensation to the Chongqing store. The Chongqing Fifth Intermediate People's Court has issued a first-instance judgment: 1) order the Chongqing store to pay the owner the unpaid rent as of January 2021, totaling RMB 11,563,858.42, and the overdue payment penalty (calculated based on the loan market interest rate quoted by the interbank lending center); 2) order the Chongqing store to pay the owner a penalty of RMB 1 million for breach of contract; 3) the Dayang Group is jointly and severally liable; 4) reject the owner's other claims. Both parties have appealed, and the Chongqing High People's Court has conducted a trial, and a ruling may be issued soon.

Subsequently, it is estimated that Chongqing Zhengsheng Real Estate Co., Ltd. will initiate legal proceedings regarding the legal responsibility and compensation for breach of contract for the early closure of the store, and the unpaid rent and fees after February 2021.(2)

(2) The dispute between Grand Classic Retail Group, Wuhan Guanggu Grand Ocean Business Development Co., Ltd. and Hubei Grand Ocean Huayu Investment Co., Ltd.:

On July 19, 2021, Hubei Grand Ocean Huayu Investment Co., Ltd. (hereinafter referred to as "Huayu Investment") demanded that Guanggu store bear the investment premium of RMB 31.25 million and an additional financing cost of RMB 18.475 million due to Guanggu store's failure to assume the cooperation period. The Intermediate People's Court of Shiyan City rejected all of Huayu Investment's claims in the first instance. Huayu Investment has appealed, and the second-instance case is pending.

2. For the last two years and the current year up to the date of publication of the annual report, if a director, supervisor, general manager, de facto person in charge, major shareholder holding more than 10% of the shares and subordinate of the Company has been convicted by final and binding judgments or is still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices: None.

(XIII) Information security risks and protective measures.

In order to comply with government regulations, the Company's cyber security policy will be established in accordance with ISO 27001, taking into account the Company's needs, to strengthen information management and to ensure that the confidentiality, integrity, and availability of the Company's information assets meet the requirements of relevant laws and regulations, so that they are protected from intentional or accidental threats, both internal and external. The Company's annual cyber security goals are to "establish in-depth cyber security and strengthen information joint defense" and "deepen cyber security awareness and enhance security early warning". The Company's cyber security risk management framework identifies the two information security issues that have the greatest impact on the Company and occur most frequently as "digital information security risks" and "general data protection regulations".

The Company’s response and actions:

1. We purchased the latest and most protective software and hardware equipment to strengthen various protective updates and replace old equipment to establish a complete information system security protection network, including firewall enhancements, server rooms, network equipment, network connections, and personal information device management to ensure data protection.

   [Day-to-day management measures]:

   a. Send a firewall report daily; check information security event log of the previous day; examine and analyze the state of alert events.
   b. Raise information security awareness of employees, and require them not to click on an e-mail of unknown sources or download files of unknown sources.
   c. Back up the results every day and mail them to IT personnel to check relevant progress.
   d. Set up a firewall and back up data every month.
   e. Monitor the state of the computer room every day, e.g., temperature control, examination of indicator light, stable power supply, and access control on personnel.
   f. Monitor the status of network connection and e-mail exchange to ensure normal operation.
   g. Every employee has executed an Undertaking of Confidentiality, which prohibits employees from taking business materials out of the Company, visiting an illegal website, installing software other than that of the Company, or attaching storage device. All of the 44 persons required to sign have signed.

2. We strengthen the education and training in personnel's information security awareness, and conduct timely information security-related information announcements and promotion through various channels in order to raise employees' awareness of information security. The information department personnel shall participate in relevant training activities or seminars held externally to learn the information security protection mechanism and the latest information security attack patterns and information security protection energy. The information security management team comprises one vice president, one manager, and one senior IT personnel.

   [Day-to-day management measures]:

a. The information department personnel shall participate in relevant training activities or seminars held externally to learn cyber security protection mechanism and the latest cyber security attack patterns and cyber security protection energy. E.g., information security awareness sessions held by the competent authority, information security management courses organized by external professional institutions.

b. The IT Department holds awareness sessions on cyber security to communicate the importance of cyber security and the musts and must-nots.

Time	Course name	Number of attendees	Note
2022.09.16	Internal Awareness Session on Information Security	16 people	Each department of the Group designated a representative to attend the course for one hour.
2022.10.21	Information Security Governance - Trends and Challenges	27 people	Taiwan Corporate Governance Association was hired to lecture on-site for 3 hours.

c. The IT Department presents information security incident cases to all employees, to acquaint them with signs of cyber security risks and improve their cyber security literacy.

Manpower and resources invested by the Company in cyber security:

a. The information security management team comprises one vice president, one manager, and one senior IT personnel.

b. The manager who is also in the cyber security team attended 16-hour "ISO27001" training courses held between August 11, 2022 and August 12, 2022, passed the examination at the conclusion of the courses, and obtained an "ISO27001" certificate.

Losses suffered by the Company due to significant cyber security incidents:

For the most recent year and for the current year up to the publication of the Annual Report, the loss and possible impact due to major cyber security incidents is zero.

(XIV) Other important risks and corresponding measures: None.

VII. Other important matters: None.

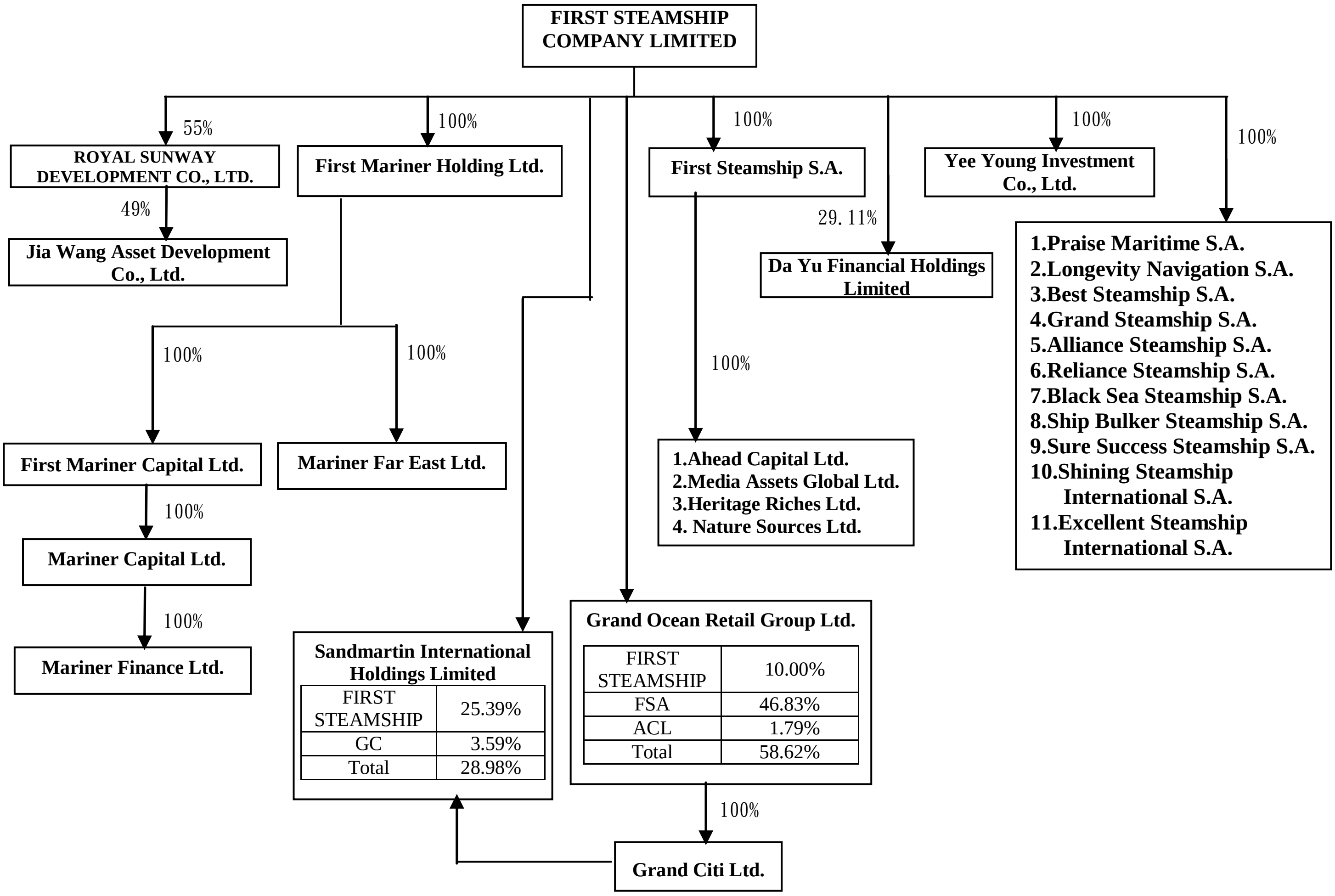
Eight. Special Matters

I. Information on affiliated companies

(I) Consolidated financial statements of affiliated companies: Please refer to the statement on p.255.

(II) Consolidated business report of affiliated companies:

1. Organizational chart of affiliated companies



2. Basic information on each affiliated company

Company name	Date of incorporation	Address	Paid-in capital	Main business or production items
Yee Young Investment Co., Ltd.	2020.04.30	Address: 14F., No. 237, Sec. 2, Fuxing S. Rd., Da'an District, Taipei City	NT$14,500 thousand	1. Investments in securities investment trust companies, banks, and insurance companies. 2. Investment in agriculture, forestry, fishery, animal husbandry, industry, mining, telecommunications, buy-and-resale and service companies. 3. Investment in trading companies, cultural companies, and telecommunications companies. 4. Investment in the construction of residential and commercial buildings. 5. Investment in entertainment and recreation businesses and tourist hotel companies. 6. Investment in various production businesses.
ROYAL SUNWAY DEVELOPMENT CO., LTD.	2015.09.21	Address: 14F., No. 237, Sec. 2, Fuxing S. Rd., Da'an District, Taipei City	NT$300,000 thousand	1. Investment. 2. Housing and Building Development and Rental. 3. New County and Community Construction and Investment. 4. Investment, Development and Construction in Public Construction. 5. Zone expropriation and urban land readjustment agency business. 6. Urban renewal, reconstruction and maintenance. 7. Construction management. 8. Real estate trading and leasing business. 9. Housing for the elderly. 10. Building materials development and retail.
First Mariner Holding Ltd.	2013.04.05	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town , Tortola, British Virgin Islands	US$50,224,000	Investment holding
Grand Ocean Retail Group Ltd	2006.08.23	Scotia Center, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Gayman Islands	NT$1,955,310 thousand	Investment holding

Company name	Date of incorporation	Address	Paid-in capital	Main business or production items
Da Yu Financial Holdings Limited	2019.07.12	Room 1801, 18th Floor, Union Kashima Building, 138 Gloucester Road, Wanchai, Hong Kong	HK$113,933,000	Corporate finance advisory services including financial advisory services, compliance advisory services, placement agency, underwriting services and investment business Asset management services such as investment advisory services, etc.
First Steamship S.A.	1994.01.18	MMG Tower, 23rd Floor, Ave. Paseo del Mar, Costa del Este Panama City, Rep. of Panama P.O. Box 0832-00232 WTC	US$59,400,000	1.Domestic and overseas shipping and related supplementary businesses 2. Domestic and overseas shipping agency business. 3. Agency for the sale, purchase, charter and construction of ships and their accessories.
Praise Maritime S.A.	1994.08.01	MMG Tower,23rd Floor, Ave. Paseo del Mar, Costa del Este Panama City, Rep. of Panama P.O. Box 0832-00232 WTC	US$18,500,000	1. Domestic and overseas shipping and related supplementary businesses 2. Domestic and overseas shipping agency business. 3. Agency for the sale, purchase, charter and construction of ships and their accessories.
Longevity Navigation S.A.	1994.05.12	〃	US$13,500,000	〃
Best Steamship S.A.	2010.08.05	Salduba Building, 3rd Floor ,53rd East Street, Marbella Urbanizacion P.O. Box 0816-02884 Panama, Republic of Panama	US$17,000,000	〃
Grand Steamship S.A.	2010.12.02	〃	US$17,000,000	〃
Alliance Steamship S.A.	2014.04.01	〃	US$13,000,000	〃
Reliance Steamship S.A.	2014.04.01	〃	US$13,000,000	〃
Black Sea Steamship S.A.	2012.03.05	〃	US$11,000,000	〃
Ship Bulker Steamship S.A.	2012.03.05	〃	US$13,500,000	〃
Sure Success Steamship S.A.	2014.11.11	MMG Tower,23rd Floor Ave. Paseo del Mar, Costa del Este Panama City, Rep. of Panama P.O. Box 0832-00232 WTC	US$15,500,000	〃

Company name	Date of incorporation	Address	Paid-in capital	Main business or production items
Shining Steamship International S.A.	2019.03.07	PANAMA City,SAN FRANCISCO,Calle AVE 5 Y CALLE 78 ESTE, edificio, EVERGREEN, departamento C5	US$9,600,000	〃
Excellent Steamship International S.A.	2019.03.07	MMG Tower,23rd Floor Ave. Paseo del Mar, Costa del Este Panama City, Rep. of Panama P.O. Box 0832-00232 WTC	US$9,000,000	〃
Nature Source Ltd.	2002.05.10	Room 2102, 21/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong	US$8,430,000	Investment holding
Ahead Capital Ltd.	2011.11.08	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town , Tortola, British Virgin Islands	US$15,500,000	Investment holding
Media Assets Global Ltd.	2012.01.18	〃	US$5,000,000	Investment holding
Heritage Riches Ltd.	2012.05.22	〃	US$1,000,000	Investment holding
Mariner Far East Ltd.	2016.11.11	15/F Boc Group Life Assurance Tower, 136 Des Voeux Road Central, Central, Hong Kong	US$3,800,000	Investment holding
First Mariner Capital Ltd.	2013.04.08	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town , Tortola, British Virgin Islands	US$33,762,000	Investment holding
Mariner Capital Ltd.	2013.05.20	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	US$28,010,000	Investment holding
Mariner Finance Ltd.	2013.10.17	Block B, 4th Floor, No. 1189, Wuzhong Road, Shanghai	RMB$170,000,000	Financial leasing, rental, purchase of leased property from abroad, leasing transaction consultation and guarantee
Sandmartin International Holdings Limited	1989.04.27	Room 516, 5/F, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong	HK$49,216,149	Communication-related precision products and accessories, including digital TV receivers, front-end components, RF products, fiber optic cables, network communication products and digital measurement equipment, etc.
Jia Wang Asset Development Co., Ltd.	2019.07.15	2F., No. 294, Sec. 1, Dunhua S. Rd., Da’an Dist., Taipei City	NT$20,000,000	Real estate trading, real estate leasing, rental, brokerage service business.

3. Information on directors, supervisors and general managers of affiliated companies

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding
Yee Young Investment Co., Ltd.	Chairperson	Juristic-person representative of first steamship: Jen-Hao Kuo	1,450,000	100
ROYAL SUNWAY DEVELOPMENT CO., LTD.	Chairperson Director Supervisor General Manager	Juristic-person representative of Langley Co., Ltd. of British Virgin Islands: Jen-Hao Kuo Juristic-person representative of FIRST STEAMSHIP: Chien-Wan Chuang, Yen-Ling Lin Jui-Ta Lin Jen-Hao Kuo	16,500,000	55
First Mariner Holding Ltd.	Director	Jen-Hao Kuo, Jui-Ta Lin, Yen-Ling Lin	50,224,000	100
Grand Ocean Retail Group Ltd.	Chairperson Director Director Director Independent director General Manager	Jen-Hao Kuo Juristic-person representative of FIRST STEAMSHIP: Ching-Hai Huang Juristic-person representative of First Steamship S.A. - Chin-Kuo Chang LEE SENG CHAY Chin-Hui Ting, Ching-Yi She, Yu-Yin Lin Ching-Hai Huang	114,612,000	58.62
Da Yu Financial Holdings Limited	Chairperson and non-executive director Executive director and general manager Executive director Independent non-executive director	Jen-Hao Kuo Hua-Lun Li Chih-Cheng Lin, Ming Li Ssu-Tsung Chen, Chih-Wei Sun, Wei-Chi Tsen	331,660,000	29.11
First Steamship S.A.	Chairperson Director	Jen-Hao Kuo Jui-Ta Lin, Chien-Wan Chuang	594	100
Praise Maritime S.A.	Chairperson Director	Jen-Hao Kuo Chien-Wan Chuang, Tz-Yuan Pei	185,000	100
Longevity Navigation S.A.	〃	〃	135,000	100

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding
Best Steamship S.A.	Chairperson Director	Jen-Hao Kuo Chien-Wan Chuang, Tz-Yuan Pei	170,000	100
Grand Steamship S.A.	〃	〃	170,000	100
Alliance Steamship S.A.	〃	〃	130,000	100
Reliance Steamship S.A.	〃	〃	130,000	100
Black Sea Steamship S.A.	〃	〃	110,000	100
Ship Bulker Steamship S.A.	〃	〃	135,000	100
Sure Success Steamship S.A.	〃	〃	155,000	100
Shining Steamship International S.A.	Chairperson Director	Jen-Hao Kuo Wei-Te Chiu, Chien-Wan Chuang	96,000	100
Excellent Steamship International S.A.	Chairperson Director	Jen-Hao Kuo Wei-Te Chiu, Jui-Ta Lin	90,000	100
Nature Sources Ltd.	Director	Chien-Wan Chuang, Tz-Yuan Pei	8,430,000	100
Ahead Capital Ltd.	〃	Jen-Hao Kuo, Jui-Ta Lin, Yen-Ling Lin	1,550	100
Media Assets Golbal Ltd.	〃	〃	50,000	100
Heritage Riches Ltd.	〃	〃	500	100
First Mariner Capital Ltd.	〃	〃	33,762,000	100
Mariner Far East Ltd.	Director	Jen-Hao Kuo, Jui-Ta Lin	3,800,000	100
Mariner Capital Ltd.	Director	Jen-Hao Kuo, Jui-Ta Lin, Yen-Ling Lin	28,010,000	100
Mariner Finance Ltd.	Chairperson Director Supervisor General Manager	Jen-Hao Kuo Wei-Te Chiu, Chien-Wen Lai Hui-Chi Lin Chien-Wen Lai	Not applicable	100
Sandmartin International Holdings Limited	Chairperson and non-executive director Executive director Independent non-executive director	Jen-Hao Kuo Tsung-Chin Hung, Wei-Chun Chen Chin-Hui Ting, Ming-Hsuan Lu, Chia-Ming Wu	142,628,902	28.98

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding
Jia Wang Asset Development Co., Ltd.	Chairperson Director Supervisor	Chia-Fu Hsiao Chia-Ling Ho, ROYAL SUNWAY DEVELOPMENT CO., LTD. Jui-Ta Lin	980,000	49

4. Information on the shareholders in common of the Company and affiliates presumed to be in a controlling and subordinate relation: None.

5. Business overview of affiliated companies

December 31, 2022 Unit: Thousand NT$ (Except for earnings per share)

Company name	Capital	Total assets	Total liabilities	Net worth	Operating	Operating	Profits or	Earnings per
Yee Young Investment Co., Ltd.	14,500	3,173	80	3,093	0	-81	-75	-0.05
Royal Sunway Development Co., Limited	300,000	1,379,786	1,117,661	262,125	0	-11,445	-36,803	-1.23
First Steamship S.A.	1,823,580	5,090,385	405,234	4,685,151	0	-115,810	294,530	495,841.97
First Mariner Holding Ltd.	1,541,877	72,099	150	71,949	0	-229	-385,864	-7.68
Grand Ocean Retail Group Ltd.	1,955,310	23,345,175	16,089,928	7,255,247	4,150,142	27,939	-832,847	-4.26
Jia Wang Asset Development Co., Ltd.	20,000	3,650,671	3,388,421	262,251	0	-4,735	-95,586	-1.60
Ahead Capital Ltd.	475,850	143,838	650,524	-506,686	0	-177	-17,014	-10,976.70
Media Assets Global Ltd.	153,500	2,160	347,558	-345,397	0	-81	44	0.88
Heritage Riches Ltd.	30,700	53,729	175	53,554	0	-206	-359,034	-718,068.94
Nature Sources Ltd.	258,801	276,465	0	276,465	0	-47	91	0.01
Praise Maritime S.A.	567,950	916,302	345,538	570,764	156,955	55,011	45,161	244.11
Longevity Navigation S.A.	414,450	659,422	243,731	415,691	127,206	28,980	21,584	159.88
Best Steamship S.A.	521,900	692,583	166,923	525,660	211,986	102,235	96,539	567.87
Grand Steamship S.A.	521,900	724,091	188,390	535,701	241,513	126,731	122,411	720.07
Black Sea Steamship S.A.	337,700	428,179	88,615	339,565	162,021	63,577	61,608	560.07
Ship Bulker Steamship S.A.	414,450	460,001	36,548	423,454	205,231	114,485	113,717	842.35
Reliance Steamship S.A.	399,100	585,995	181,681	404,314	162,958	42,834	49,885	383.73
Alliance Steamship S.A.	399,100	602,082	188,681	413,400	286,552	165,812	159,871	1,229.78
Sure Success Steamship S.A.	475,850	596,967	106,570	490,397	236,721	115,768	114,056	735.85
Shining Steamship International S.A.	294,720	966,484	669,047	297,437	132,451	39,669	22,932	238.87
Excellent Steamship International S.A.	276,300	951,755	671,616	280,139	159,284	67,107	48,422	538.03
First Mariner Capital Ltd.	1,036,493	62,526	0	62,526	0	-290	-342,689	-10.15
Mariner Far East Ltd.	116,660	4,352	0	4,352	0	-204	147,852	38.91
Mariner Capital Ltd.	859,907	37,833	833	37,000	0	-245	-341,473	-12.19
Ahead Capital Ltd.	749,361	763,787	725,965	37,822	86,278	-233,837	-341,233	-
Media Assets Global Ltd.	449,004	2,588,325	694,257	1,894,068	292,462	36,041	15,958	0.01
Mariner Finance Ltd.	193,958	3,929,190	2,393,469	1,535,721	3,217,829	-186,703	-239,102	-0.24
Da Yu Financial Holdings Limited	14,500	3,173	80	3,093	0	-81	-75	-0.05
Sandmartin International Holdings Limited	300,000	1,379,786	1,117,661	262,125	0	-11,445	-36,803	-1.23

(III) Relationship report: Not applicable.

II. Private placement of securities during the last year or the current year up to the date of publication of the annual report: None

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the last year or the current year up to the date of publication of the annual report: None.

IV. Other matters that require additional explanation: None.

V. If any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, has occurred during the last year or the current year up to the date of publication of the annual report: None.

Stock Code:2601

FIRST STEAMSHIP COMPANY LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: 14F., No.237, Sec. 2, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Telephone: (02)2706-9911

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Representation Letter

The entities that are required to be included in the combined financial statements of First Steamship Company Ltd. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, First Steamship Company Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: First Steamship Company Ltd.
Chairman: Jen-Hao Kuo
Date: March 31, 2023

Independent Auditors' Report

To the Board of Directors of First Steamship Company Ltd.:

Opinion

We have audited the consolidated financial statements of First Steamship Company Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022 of the Group. Those matters have been addressed in our audit opinion on the said consolidated financial statements and during the formation of our audit opinion. However, we do not express an opinion on these matters individually. The key audit matters that, in our professional judgment, should be communicated are as follows:

1. Impairment of goodwill and trademark

   Please refer to Notes 4(o), 5(c), and 6(l) to the consolidated financial statements for the accounting policies on the recognition of impairment of intangible assets and non-financial assets, the accounting estimates and uncertainty of assumptions in assessment of impairment of goodwill and intangible assets, as well as details of impairment of goodwill and intangible assets, respectively.

   Description of key audit matter:

   As of December 31, 2022, the carrying amounts of intangible assets constituted 6% of the total assets of the Group. The major part of goodwill and trademark originated from the acquisition of GORG in 2006. Since retailing business was influenced by COVID-19 pandemic, the business profit haven’t recover to the level before the pandemic, and maintaining revenue and profitability had become a challenge. Therefore, the goodwill and trademark from acquisition were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts of retailing department. The Group’s management should follow IAS 36 to determine the recoverable amounts by using a discounted cash flow forecast of retailing department. Due to the estimated recoverable amounts involved management’s judgment, and it had great uncertainty, there was an overestimated risk on value in use of goodwill and trademark. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

   How the matter was addressed in our audit

   We obtained the model and related assumptions that the Group’s management used to assess the impairment of goodwill and trademark, including to evaluate whether management had identified cash generating units (“CGU”) which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management’s calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.

2. Assets impairment

   Please refer to Notes 4(o), 5(b), 6(j), and 6(k) to the consolidated financial statements for the accounting policies on the recognition of impairment of non-financial assets, the accounting estimates and uncertainty of assumptions in assessment of impairment of property, plant and equipment, and right of use assets, as well as details of impairment of property, plant and equipment and right-of-use assets, respectively.

   Description of key audit matter:

   As of December 31, 2022, the carrying amounts of property, plant and equipment and right-of-use assets constitute 71% of the total assets of the Group. The major part of property, plant and equipment was operating assets in retailing and shipping departments. Since retailing business was influenced by COVID-19 pandemic, the business have faced declines in profits in a recession, and maintaining revenue and profitability had become a challenge. Therefore, the carrying amounts of operating assets were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts of retailing department. The Group's management should follow IAS 36 to determine the recoverable amounts by using a discounted cash flow forecast of retailing department. Due to the estimated recoverable amounts involved management’s judgment, and it had great uncertainty, there was an overestimated risk on value in use of operating assets. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

How the matter was addressed in our audit

We obtained the model and related assumptions that the Group's management used to assess the impairment of assets, including to evaluate whether management had identified CGU which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management' s calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.

3. Recoverability of other receivables

Please refer to Notes 4(g), 5(a), and 6(d) to the consolidated financial statements for the accounting policies on the recognition of financial instruments, the disclosures of other receivables and other financial assets, respectively.

Description of key audit matter:

The retailing department of the Group recently ended part of their investment due to the rigorous competition of market in mainland China. As of December 31, 2022, the carrying amounts of other receivables, originated from uncollected prepaid investments, amounted to $268,888 thousand, and constituted 1% of the total assets of the Group. The Group measured loss allowance for expected credit losses of other receivables in accordance with IFRS 9 "Financial Instruments". Therefore, we considered the assessment as one of the key audit matters to the consolidated financial statements in the audit process.

How the matter was addressed in our audit

We obtained the management's assessment for the expected credit losses of other receivables to examine the related supporting documents of default risk. We evaluated the reasonability of expected credit losses of other receivables in duration according to IFRS 9 "Financial Instruments".

Other Matter

We did not audit the financial statements of Mariner Finance Ltd., a subsidiary of the Group. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mariner Finance Ltd., is based solely on the report of other auditor. The financial statements of Mariner Finance Ltd. reflect the total assets constituting 2% and 3% of the consolidated total assets at December 31, 2022 and 2021, respectively, and the total operating revenues constituting 1% and 2% of the consolidated total operating revenues for the years then ended, respectively.

We did not audit the financial statements of certain associates, which represented the investments in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts is based solely on the reports of other auditors. The investments in certain associates accounted for using the equity method constituting 2% and 1% of the total assets at December 31, 2022 and 2021, respectively, and the related share of profit of associates accounted for using the equity method constituted 41% of the total loss before tax and (6)% of the total profit before tax for the years then ended, respectively.

First Steamship Company Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion with other matter paragraph and an unqualified opinion with emphasis of matter and other matter paragraph, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Ying Chang and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)
March 31, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 2,987,197	8	4,275,526	11
1110	Current financial assets at fair value through profit or loss (Note 6(b))	245,828	1	111,216	-
1150	Notes receivable, net (Note 6(c))	265	-	-	-
1170	Accounts receivable, net (Notes 6(c), 7 and 8)	535,679	1	539,068	1
1200	Other receivables, net (Notes 6(d), (z) and 7)	177,838	-	644,357	2
1300	Inventories	239,288	1	264,967	1
1320	Inventories (for construction business) (Notes 6(e), 8 and 9)	1,738,391	5	1,365,621	4
1461	Non-current assets classified as held for sale (Note 6(f))	-	-	196,292	1
1476	Other current financial assets (Notes 6(m), (z), 7 and 8)	104,901	-	103,179	-
1479	Other current assets (Notes 7 and 9)	448,880	1	416,199	1
		6,478,267	17	7,916,425	21
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	-	-	127,578	-
1535	Non-current financial assets at amortized cost (Note 13)	59,900	-	59,900	-
1550	Investments accounted for using equity method (Note 6(g))	786,283	2	762,825	2
1600	Property, plant and equipment (Notes 6(j) and 8)	13,739,553	39	13,833,681	35
1755	Right-of-use assets (Notes 6(k) and 8)	11,089,224	32	12,448,250	32
1760	Investment property, net (Note 8)	141,090	-	142,063	-
1780	Intangible assets (Note 6(l))	2,061,101	6	2,038,984	5
1840	Deferred tax assets (Note 6(t))	768,843	2	861,906	2
1915	Prepayments for business facilities (Note 9)	-	-	470	-
1935	Long-term lease payments receivable (Notes 6(c), 7 and 8)	132,425	-	309,003	1
1975	Net defined benefit asset, non-current	2,939	-	894	-
1980	Other non-current financial assets (Notes 6(m), 7 and 8)	221,238	1	263,794	1
1990	Other non-current assets (Notes 6(u) and 7)	284,723	1	221,603	1
		29,287,319	83	31,070,951	79
	Total assets	**$ 35,765,586**	**100**	**38,987,376**	**100**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Balance Sheets (CONT'D)

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes 6(c) and (n))	2,827,445	8	3,396,693	9
2110	Short-term notes and bills payable	-	-	99,846	-
2170	Accounts payable (Note 6(q))	970,940	3	2,013,436	5
2200	Other payables (Notes 6(q), (x) and 7)	992,246	3	986,971	3
2230	Current tax liabilities	50,051	-	54,547	-
2260	Liabilities related to non-current assets classified as held for sale (Note 6(f))	-	-	340	-
2280	Current lease liabilities (Notes 6(r) and 7)	947,988	3	837,940	2
2322	Long-term borrowings, current portion (Note 6(o))	1,334,503	4	1,621,462	4
2399	Other current liabilities (Notes 6(f), (z) and 7)	87,708	-	230,303	1
		7,210,881	21	9,241,538	24
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Note 6(b))	26,125	-	23,234	-
2540	Long-term borrowings (Note 6(o))	5,182,200	14	4,932,646	13
2570	Deferred tax liabilities (Note 6(t))	65,171	-	59,615	-
2580	Non-current lease liabilities (Notes 6(r) and 7)	9,044,616	25	10,770,711	27
2645	Guarantee deposits	591,528	2	700,582	2
		14,909,640	41	16,486,788	42
	Total liabilities	22,120,521	62	25,728,326	66
	Equity attributable to owners of parent (Note 6(u)):				
3100	Capital stock	8,347,761	23	8,347,761	21
3200	Capital surplus	1,926,712	5	1,906,116	5
3300	Retained earnings	648,789	2	641,378	2
3400	Other equity interest	(303,885)	(1)	(982,609)	(3)
3500	Treasury shares	(94,491)	-	(94,491)	-
	Total equity attributable to owners of parent:	10,524,886	29	9,818,155	25
36XX	**Non-controlling interests** (Notes 6(i) and (u))	3,120,179	9	3,440,895	9
	Total equity	13,645,065	38	13,259,050	34
	Total liabilities and equity	$ 35,765,586	100	38,987,376	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenues (Notes 6(s), (w) and 7)**	$ 6,326,043	100	6,925,974	100
5000	**Operating costs (Notes 6(s) and (y))**	2,007,316	32	2,484,279	36
	Gross profit from operations	4,318,727	68	4,441,695	64
6000	**Operating expenses (Notes 6(r), (x) and 7)**	3,539,484	56	3,514,780	51
6450	Expected credit loss (Notes 6(c) and 7)	177,611	3	49,634	1
	Net operating income	601,632	9	877,281	12
	Non-operating income and expenses :				
7100	Interest income (Notes 6(y) and 7)	40,466	1	33,331	-
7010	Other income (Note 6(y))	3,616	-	3,083	-
7020	Other gains and losses, net (Notes 6(f), (j), (l), (p), (y) and 7)	334,431	5	211,645	3
7050	Finance costs (Notes 6(p), (r), (y) and 7)	(853,698)	(12)	(681,327)	(10)
7055	Expected credit loss (Notes 6(d), (m), (z) and 7)	(214,172)	(3)	(58,227)	(1)
7060	Share of loss of associates accounted for using equity method, net (Note 6(g))	(49,801)	(1)	(24,359)	-
		(739,158)	(10)	(515,854)	(8)
7900	**(Loss) Profit from continuing operations before tax**	(137,526)	(1)	361,427	4
7950	Less: Income tax expenses (Note 6(t))	217,904	3	308,332	4
	(Loss) Profit	(355,430)	(4)	53,095	-
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans	1,376	-	(1,275)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		1,376	-	(1,275)	-
8360	**Items that may be reclassified subsequently to profit or loss:** (Notes 6(g) and (u))				
8361	Exchange differences on translation of foreign financial statements	623,065	10	(167,126)	(2)
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	73,259	1	(16,656)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		696,324	11	(183,782)	(2)
8300	**Other comprehensive income (loss)**	697,700	11	(185,057)	(2)
	Comprehensive income	**$ 342,270**	**7**	**(131,962)**	**(2)**
	Profit (loss) attributable to:				
8610	Owners of parent	$ 6,035	2	151,866	1
8620	Non-controlling interests	(361,465)	(6)	(98,771)	(1)
		$ (355,430)	**(4)**	**53,095**	
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 686,135	12	(21,202)	-
8720	Non-controlling interests	(343,865)	(5)	(110,760)	(2)
		$ 342,270	**7**	**(131,962)**	**(2)**
	Earnings per share (Note 6(v))				
9750	Basic earnings per share (NT dollars)	**$**	**0.01**		**0.20**
9850	Diluted earnings per share (NT dollars)	**$**	**0.01**		**0.20**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital		Retained earnings				Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 6,867,627	1,917,673	247,895	565,892	(345,746)	468,041	(810,816)	(94,491)	8,348,034	3,642,678	11,990,712
Profit for the year ended December 31, 2021	-	-	-	-	151,866	151,866	-	-	151,866	(98,771)	53,095
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(1,275)	(1,275)	(171,793)	-	(173,068)	(11,989)	(185,057)
Comprehensive income for the year ended December 31, 2021	-	-	-	-	150,591	150,591	(171,793)	-	(21,202)	(110,760)	(131,962)
Appropriation and distribution of retained earnings:											
Legal reserve used to offset accumulated deficits	-	-	(247,895)	-	247,895	-	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	(22,746)	-	-	22,746	22,746	-	-	-	-	-
Conversion of convertible bonds	1,480,134	5,408	-	-	-	-	-	-	1,485,542	-	1,485,542
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5,273	-	-	-	-	-	-	5,273	(9,865)	(4,592)
Changes in ownership interests in subsidiaries	-	508	-	-	-	-	-	-	508	364	872
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(81,522)	(81,522)
Balance at December 31, 2021	8,347,761	1,906,116	-	565,892	75,486	641,378	(982,609)	(94,491)	9,818,155	3,440,895	13,259,050
Profit for the year ended December 31, 2022	-	-	-	-	6,035	6,035	-	-	6,035	(361,465)	(355,430)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,376	1,376	678,724	-	680,100	17,600	697,700
Comprehensive income for the year ended December 31, 2022	-	-	-	-	7,411	7,411	678,724	-	686,135	(343,865)	342,270
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	7,548	-	(7,548)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	67,938	(67,938)	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	15,249	-	-	-	-	-	-	15,249	(25,626)	(10,377)
Changes in ownership interests in subsidiaries	-	5,347	-	-	-	-	-	-	5,347	3,775	9,122
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	45,000	45,000
Balance at December 31, 2022	**$ 8,347,761**	**1,926,712**	**7,548**	**633,830**	**7,411**	**648,789**	**(303,885)**	**(94,491)**	**10,524,886**	**3,120,179**	**13,645,065**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
(Loss) profit before tax	$ (137,526)	361,427
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	2,075,818	1,896,239
Amortization expense	54,220	42,268
Expected credit loss	391,783	107,861
Net gain on financial assets or liabilities at fair value through profit or loss	(18,108)	(64,068)
Interest expense	853,698	681,327
Operating costs (interest expense)	19,975	34,800
Interest income	(40,466)	(33,331)
Dividend income	(3,616)	(3,083)
Cost of share-based payments awards	-	872
Share of loss of associates accounted for using equity method	49,801	24,359
Loss from disposal of property, plant and equipment	1,359	1,343
Gain from disposal of intangible assets	(5,776)	(23,922)
(Gain) loss from disposal of investments	(124,895)	6,926
Impairment loss on property, plant and equipment	155,590	26,593
Impairment loss on intangible assets	205	-
Gain on lease modification	(353,564)	(2,099)
Property, plant and equipment charged to expenses	594	-
Gain on rent concessions	(101,425)	(31,195)
Total adjustments to reconcile profit	2,955,193	2,664,890
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit or loss	20,909	122,111
Notes receivable	(265)	-
Accounts receivable	18,134	468,853
Other receivables	46,628	(48,954)
Inventories	(341,153)	48,181
Other current assets	(66,924)	(38,343)
Net defined benefit assets	(669)	(1,679)
Total changes in operating assets	(323,340)	550,169
Changes in operating liabilities:		
Increase in financial liabilities at fair value though profit or loss	2,891	-
Accounts payable	(1,081,445)	(288,361)
Other payables	32,567	22,539
Other current liabilities	(8,485)	6,865
Total changes in operating liabilities	(1,054,472)	(258,957)
Total changes in operating assets and liabilities	(1,377,812)	291,212
Total adjustments	1,577,381	2,956,102
Cash inflow generated from operations	1,439,855	3,317,529
Interest received	61,829	26,822
Dividends received	3,616	3,083
Interest paid	(862,615)	(677,284)
Income taxes paid	(114,257)	(120,238)
Net cash flows from operating activities	528,428	2,549,912

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(200,495)
Net cash flow from acquisition of subsidiaries (subsidiaries' cash deducted)	-	(3,529)
Proceeds from disposal of subsidiaries	(8,984)	11,828
Proceeds from disposal of non-current assets classified as held for sale	186,922	150,000
Acquisition of property, plant and equipment	(216,322)	(322,704)
Proceeds from disposal of property, plant and equipment	10,436	21,200
Decrease in other receivables	240,219	133,975
Acquisition of intangible assets	(4,687)	(1,047)
Proceeds from disposal of intangible assets	55,560	138,779
Decrease in other financial assets	17,295	230,880
Increase in other non-current assets	(62,901)	(57,905)
Decrease (Increase) in prepayments on purchase of equipment	507	(614,551)
Net cash flows from (used in) investing activities	218,045	(513,569)
Cash flows from financing activities:		
Decrease in short-term borrowings	(685,387)	(2,401,580)
(Decrease) Increase in short-term notes and bills payable	(99,846)	49,854
Proceeds from long-term loans	2,021,767	4,872,479
Repayments of long-term loans	(2,454,676)	(2,939,590)
(Decrease) Increase in guarantee deposits received	(120,794)	114,321
Repayments of lease liabilities	(877,100)	(1,306,404)
Subsidiaries' cash dividends paid	-	(81,522)
Disgorgment of profits	9,122	-
Acquisition of ownership interests in subsidiaries	(10,377)	(4,592)
Change in non-controlling interests	45,000	-
Net cash flows used in financing activities	(2,172,291)	(1,697,034)
Effect of exchange rate changes on cash and cash equivalents	117,960	(27,029)
Net (decrease) increase in cash and cash equivalents	(1,307,858)	312,280
Cash and cash equivalents at beginning of period (Contains cash and cash equivalents classified as held for sale)	4,295,055	3,982,775
Cash and cash equivalents at end of period (Contains cash and cash equivalents classified as held for sale)	$ **2,987,197**	**4,295,055**
Components of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	$ 2,987,197	4,275,526
Cash and cash equivalents reclassified to disposal groups	-	19,529
Cash and cash equivalents at end of period	$ **2,987,197**	**4,295,055**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

First Steamship Company Ltd. (the "Company") was established in October 1963 in accordance with the Company Act of the Republic of China. The Company's registered office address is located at 14F, No. 237, Sec. 2, Fuxing S. Rd., Taipei City, R.O.C. The major business activities of the Company and its subsidiaries ("the Group") are the domestic and international sea transportation and related businesses, trading of vessels and related products, providing services of financial leasing, providing business consultation services, trading of cosmetics, furnishings and etc., investments, and selling, renting, investing in construction.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on March 31, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments (including derivative financial instruments) at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements include.

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
First Steamship Co., Ltd.	Yee Shin Investment Co., Ltd.	General investing	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 1)
First Steamship Co., Ltd.	Royal Sunway Development Co., Ltd.	Real estate development, rental and leasing of building	55.00 %	55.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	FIRST STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	10.00 %	9.69 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 3)
First Steamship Co., Ltd.	FIRST MARINER HOLDING LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
First Steamship Co., Ltd.	Yee Young Investment Co, Ltd.	General investing	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it reduced capital of 20,825 thousand shares in September 2021
First Steamship Co., Ltd.	LONGEVITY NAVIGATION S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	PRAISE MARITIME S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	BEST STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	GRAND STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	BLACK SEA STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	SHIP BULKER STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	RELIANCE STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	ALLIANCE STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	SURE SUCCESS STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	SHINING STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	EXCELLENT STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	LONGEVITY NAVIGATION S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	PRAISE MARITIME S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	BEST STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	GRAND STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	AHEAD CAPITAL LTD.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

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Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
FIRST STEAMSHIP S.A.	MEDIA ASSETS GLOBAL LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	BLACK SEA STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	SHIP BULKER STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	NATURE SOURCES LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	46.83 %	46.83 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	RELIANCE STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	ALLIANCE STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	SURE SUCCESS STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	HERITAGE RICHES LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	SHINING STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	- %	100.00 %	The Company directly (indirectly) holds more than 50% of its subsidiaries(Note 4)
FIRST STEAMSHIP S.A.	EXCELLENT STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
AHEAD CAPITAL LTD.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	1.79 %	1.79 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER HOLDING LTD.	FIRST MARINER CAPITAL LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER HOLDING LTD.	MARINER FAR EAST LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER CAPITAL LTD.	MARINER CAPITAL LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER CAPITAL LTD.	Morgan Finance Limited	Loan company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 2)
MARINER CAPITAL LTD.	Mariner Finance Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
Mariner Finance Ltd.	Shanghai Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Nanjing Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Wuhan Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Qingdao Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Chongqing Youren Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Fuzhou Youli Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Dongguan Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Guangzhou Youqiang Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Changsha Youli Car Service Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Xian Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Chengdu Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Lianyungang Youren Car Service Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Jinan Youli Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Urumqi Taroko Car Rental Co., Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
GRAND OCEAN RETAIL GROUP LTD.	GRAND CITI LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
GRAND CITI LTD	Grand Ocean Classic Commercial Group Co., Ltd.	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Grand Ocean Classic Commerce Co., Ltd.	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Fuzhou Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
Grand Ocean Classic Commercial Group Co., Ltd	Quanzhou Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Jingxuan-Commercial Management Co., Ltd.	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd.	Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd.	Management consulting business, and trading of cosmetics,	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 6(h))
Quanzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	30.00 %	30.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commerce Limited	Hefei Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	70.00 %	70.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Classic Commerce Limited	Fuzhou Jiaruixing Business Administration Limited	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	35.30 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiary closed its business on October 31, 2022 and is in the process of liquidation.
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	50.00 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Hengyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Shiyan Optics Valley Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	64.70 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiary closed its business on October 31, 2022 and is in the process of liquidation.

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Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	50.00 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	99.00 %	99.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Hanyang Grand Ocean Classic Commerce Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	1.00 %	1.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

Note 1: On July 30, 2021, the board of directors of the Group resolved to dispose the entire equity of the subsidiary, Yixin Investment Co., Ltd., to a related party, Yonghenghui Investment Co., Ltd., wherein the related procedures had been completed. For more information, please refer to note 6(f).

Note 2: On February 25, 2022, the board of directors of the Group resolved to sell the equity of the subsidiary, Morgan Finance Ltd., wherein the related procedures had been completed. For more information, please refer to note 7.

Note 3: The Group successively purchased the shares of Grand Ocean Retail Group Ltd. for the amount of $10,377 thousand for the year ended December 31, 2022, which increased the shareholding ratio from 9.69% to 10%, and recognized as the capital surplus of $ 15,249 thousand.

Note 4: On December 15, 2022, the Board of Directors resolved to reduce the subsidiary, FIRST STEAMSHIP S.A.'s capital of 1,706 shares amounting to $5,264,843 thousand (USD$170,600 thousand) through cash return of $614,315 thousand and 11 shipping subsidiaries' equity of $4,650,528 thousand due to the Group's organizational restructuring. The effective date of the capital reduction was December 16, 2022 and related registration procedures are completed accordingly.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

(Continued)

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

Except the business activities in selling, renting, and investing in construction are based on operating cycle, 3~5 years, to classify the current or non-current；other assets are classified as current under one of the following criteria, and all other assets are classified as noncurrent.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivables, long-term lease payments receivable and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date；and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade and other receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

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4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transfered or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

7) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(h) Inventories

Retail department

Inventory is measured at the lower of cost or net realizable value. Costs include other costs incurred in making them available for use at locations and conditions, and are calculated using the first-in first-out method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Construction department

The initial cost of inventory is necessary expenditure incurred in bringing them to their existing location and condition. The developing costs for real estate include construction, land, borrowings, and project expenditure. When the construction is finished, building construction in progress will be reclassified to real estate held for sale, and the Group will recognize operating costs in the proportion of the part being sold to the total developing costs for real estate. Inventories are measured at the lower of cost and net realizable value. When the costs exceed net realizable value, the costs should be reduced to their net realizable value, and the reducing amount should be recognized at current cost for sale. The net realizable value is measured as follows:

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(i) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less the estimated selling expenses at the end of the period.

(ii) Building construction in progress: the net realizable value is the estimated price (based on the market condition), less the estimated costs of completion and selling expenses at the end of the period.

(iii) Real estate held for sale: the net realizable value is the estimated price (based on the market condition), less the estimated selling expenses at the end of the period.

(i) Non-current assets held for sale

Noncurrent assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use are reclassified as held for sale or held for distribution to owners. Immediately before classification as held for sale or held for distribution to owners, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings 3～50 years

2) Transportation equipment 1～ 5 years

3) Vessel 3～26 years

4) Office equipment 1～5 years

5) Leasehold improvement 5～20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(m) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

(Continued)

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor' s net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sales of goods

The Group's department store sells goods in the retail market. The Group recognizes revenue when the goods are delivered to the customer. Payment of the transaction price is due immediately when the customer purchases the product.

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2) Customer loyalty program

The Group operates a customer loyalty program to its retail customers. Retail customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

3) Services

The Group provides consultancy services and management services to the customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

4) Commissions

When the Group acts as an agent rather than as a principal in a transaction, the revenue is recognized as the net amount of the commission received.

5) Land development and sale of real estate

The Group develops and sells residential properties and usually sells properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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6) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group preliminarily assesses whether there is a difference between the consideration for contractual commitment and the current sales price based on the individual contract, and whether the advance receipts from the sale of real estate include financing factors. The advance receipts from the sale of real estate are security for the customer to perform the contract and decrease of the price variance risk from re sale and subsidy to the Group due to the customer not performing the contract, rather than significant financial component of the financing obtained from the customer.

(ii) Contract costs — incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group recognizes the incremental costs as an asset which meets the expectation to recover those costs of obtaining a contract through the sale of the real estate and amortizes it on the basis of the transfer of pre-sold house.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and approved the number of shares to be subscribed by employees.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(s) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquire' s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(t) Earnings per share

The Group discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 29.11% and 28.98% of the outstanding voting shares of Da Yu Financial Holdings Ltd. and Sandmartin International Holdings Ltd., respectively. The Group is the single largest shareholder of the investees. Although the remaining shares are not concentrated within specific shareholders, the Group still failed to obtain more than half of the total number of aforementioned companies' board seats, and failed to obtain more than half of the voting rights at a shareholders' meeting as well. Therefore, it is determined that the Group only has significant influence on these investees.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance for other receivables

The Grouphas estimated the loss allowance for other receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Refer to Note 6(d) for further description of the loss allowance for other receivables.

(b) Impairment of property, plant and equipment and right-of-use assets

In the process of evaluating the potential impairment of tangible assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to Notes 6(j) and (k) for further description of the impairment of property, plant and equipment and right-of-use assets.

(c) Impairment of goodwill and intangible assets

The assessment of impairment of goodwill and intangible assets requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to Note 6(l) for further description of the impairment of goodwill and intangible assets.

(d) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires management's subjective judgment and estimate, including the future revenue growth and profitability. Changes in the economic environment, industry trends, and relevant laws and regulations may result in adjustments to the deferred tax assets. Please refer to Note 6(t) for further description on the recognition of deferred tax assets.

(Continued)

Assessment

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group has established relevant internal control systems for fair value measurement. This includes establishing an evaluation team responsible for reviewing all significant fair value measurements (including Level 3 fair value) and reporting directly to the Chief Financial Officer. Significant unobservable inputs and adjustments are regularly reviewed by the evaluation team. If the input used to measure fair value uses external third-party information (such as a broker or pricing service), the evaluation team will evaluate the evidence provided by the third party in support of the input to determine the evaluation and its fair value classification compliant with IFRS' s. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to Note 6(z) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash	$ 25,227	23,971
Cash in Bank	2,066,096	4,251,555
Time deposits	895,874	-
Cash and cash equivalents in the consolidated statement of cash flows	**$ 2,987,197**	**4,275,526**

Please refer to Note 6(z) for the sensitivity analysis and interest rate risk.

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(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets—current			
Shares of stock of listed companies	$	94,135	92,055
Open fund		10,852	13,268
Foreign corporate bonds		5,893	5,893
Beneficiary rights – specific construction project		134,948	-
Subtotal		245,828	111,216
Non-derivative financial assets—non-current			
Beneficiary rights – Specific construction project		-	127,578
Total	$	**245,828**	**238,794**
Held-for-trading financial liabilities:			
Non-derivative financial liabilities—non-current			
Beneficiary rights—landowner	$	**26,125**	**23,234**

(i) In September 2020, the Group entered into a residential construction project agreement with Honor Construction Co., Ltd. (Honor Construction), wherein the Group will purchase 32% of the beneficial rights from the specific construction project of Honor Construction located in Mingde Section, Tucheng District, at the amount of $117,000 thousand. Due to the delay of the project caused by the impact of COVID-19, the company signed a supplementary agreement with Honor Construction on August 15, 2022. Honor Construction should pay the project share payment (the minimum payment is 20% of the total sale price of the project) within 75 days after obtaining the usage license (no later than June 30, 2023). The remaining balance shall be settled and distributed by August 2, 2023.

(ii) In 2021, the Group entered into land investment project agreement with Sanlinger Investment Development Co., Ltd., wherein the Group sold 20% of its beneficial rights on the project land located in Wushigang section, Toucheng township, Yilan County, and received the amount of $20,400 thousand. Thereafter, Sanlinger Investment Development Co., Ltd. would bear the cost of the development and holding based on pro rata basis. As of December 31, 2022 and 2021, the Group received the cost of holding and development from the Sanlinger Investment Development Co., Ltd., based on pro rata basis at the amount of $5,725 thousand and $2,834 thousand, respectively.

(iii) Please refer to Note 6(z) for disclosure of credit risk and market risk of all financial instruments mentioned above.

(iv) The financial assets mentioned above had not been pledged as collateral.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(c) Trade receivables and other receivables

	December 31, 2022	December 31, 2021
Current		
Notes receivable	$ 265	-
Accounts receivable	304,113	212,437
Less: Allowance for impairment	(30,669)	(13,266)
	273,709	199,171
Leases payment receivables (included operating lease)	590,647	521,160
Less: Unearned interest	(93,059)	(90,504)
Allowance for impairment	(235,353)	(90,759)
	262,235	339,897
Subtotal of current asset	535,944	539,068
Non-current		
Leases payment receivables	245,363	427,330
Less: Unearned interest	(24,341)	(44,014)
Loss allowance	(88,597)	(74,313)
Subtotal of non-current asset	132,425	309,003
Total	**$ 668,369**	**848,071**

(i) The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

1) Due to the COVID-19, some of the overdue lease receivables from related parties of the Group's rental service department in mainland China resulted in a significant increase in credit risk. Therefore, the credit risk will be assessed on an individual basis. The following table presents the loss allowance recognized by the Group after evaluating the value of the collateral:

	December 31, 2022	December 31, 2021
Lease receivables	$ 474,292	322,579
Less: Loss allowance	(177,491)	(48,360)
	$ 296,801	**274,219**

(Continued)

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The expected credit loss of other leasing accounts receivable (including operating lease) was determined as follows:

	December 31, 2022		
	Gross carrying amount of leases payment receivable	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 33,452	1.05%	352
1 to 30 days past due	4,478	7.24%	324
31 to 60 days past due	1,534	8.38%	129
61 to 90 days past due	7,494	19.43%	1,456
More than 90 days past due (Note)	197,360	73.06%	144,198
	$ 244,318		**146,459**

	December 31, 2021		
	Gross carrying amount of leases payment receivable	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 284,076	0.44%	1,260
1 to 30 days past due	18,200	2.57%	467
31 to 60 days past due	3,761	10.75%	404
61 to 90 days past due	378	23.14%	88
More than 90 days past due (Note)	184,978	61.90%	114,493
	$ 491,393		**116,712**

Note: As of December 31, 2022 and 2021, the Group had filed a lawsuit against collecting the overdue receivables from its leasing business, with the total amounts of $128,676 thousand (CNY$29,192 thousand) and $108,746 thousand (CNY$25,057 thousand), respectively. The Group assessed the recoverability of those overdue receivables, and recognized the provision for allowance of $84,769 thousand (CNY$19,231 thousand) and $59,316 thousand (CNY$13,688 thousand), respectively, after deducted unearned interests and guarantee deposits.

2) The Group' s main trade receivables from retail department in China are credit card payments collected from banks, with an average credit period of 2 to 3 days, wherein there is no concern about the recoverability. The retail business department in China which is classified as leasing has partial receivables deferred, which was caused by the effect of COVID19. The Groups accounts receivable arose from mediation and litigation the retail department entered into are detailed as follows:

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	December 31, 2022
Amount of mediation or litigation	$ 18,589
Less: Loss allowance	(18,589)
Total	$ -

The loss allowance provisions of other trade receivables were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 215,910	0%	-
1 to 90 days past due	33,486	0%	-
91 to 180 days past due	6,165	0%~25%	1,549
181 to 270 days past due	1,002	45%	457
271 to 365 days past due	2,671	100%	2,671
More than 365 days past due	7,403	100%	7,403
	$ 266,637		12,080

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 170,090	0%	-
1 to 90 days past due	11,568	0%	-
91 to 180 days past due	5,506	3%	192
181 to 270 days past due	3,949	52%	1,849
271 to 365 days past due	414	100%	414
More than 365 days past due	10,811	100%	10,811
	$ 202,338		13,266

3) The loss allowance provisions of shipping business department were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 18,887	-	-

(Continued)

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	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 10,099	-	-

4) The loss allowance provision in Taiwan was determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 265	-	-

(ii) The movements in the allowance for accounts receivable were as follows:

	For the years ended December 31	
	2022	2021
Balance on January 1	$ 178,338	132,523
Impairment losses recognized	177,611	49,634
Amounts written off	(3,004)	(3,073)
Foreign exchange gains (losses)	1,674	(746)
Balance on December 31	$ 354,619	178,338

(iii) A maturity analysis of lease payments, which reflects the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2022	December 31, 2021
Less than one year	$ 590,647	521,160
One to two years	237,241	239,186
Two to three years	8,122	188,144
Total lease payments receivable	836,010	948,490
Unearned finance income	(117,400)	(134,518)
Present value of lease payments receivable	$ 718,610	813,972

(iv) The Group and the financial institution shall sign the accounts receivable and sales contract, and the contracted company shall guarantee the receivables for all receivables that cannot be recovered (whether delayed or defaulted) within a certain period of time, and retain the accounts receivable. Almost all risks and rewards are therefore not eligible for financial assets.

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The carrying amounts of the transferred receivables and related financial liabilities not excluded in the reporting date are as follows:

December 31, 2021					
Purchaser	**Transferred accounts receivable amount**	**Credit lines**	**Advanced amount (recognized under Short-term borrowings)**	**Range of interest rates**	**Guarantee item**
CDIB International Leasing Corp.	$ 42,103	86,798	5,102	9.3%	Accounts receivable

(v) For credit risk information, please refer to Note 6(z).

(vi) The accounts receivable mentioned above had been pledged as collateral for loans, please refer to Note 8.

(d) Other receivable

	December 31, 2022	December 31, 2021
Other receivables–loans (Note 7)	$ 71,018	115,989
Other receivables–investment	268,888	462,201
Other receivables–lease guarantee deposits	62,820	62,284
Other receivables–return payment (Note)	-	34,247
Other receivables–others	62,934	89,019
Less: Loss allowance	(287,822)	(119,383)
	$ 177,838	644,357

Note： The Group’s subsidiaries Fuzhou Grand Ocean Commerce Co, Ltd., reached an agreement with supplier to return part of supply to supplier because some floor owner of departments failed to meet renewal condition and that floor most of whom was self-operated, therefore incurred return payments.

(i) The other receivables–others are the advance payment in accordance with the promotions held by retail business department and venders. Since the Group and the vendors are in a long-term business relationship, the Group has considered historical experience and believed that they were less doubtful of the recoverability of these receivables.

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(ii) Since the rental agreement of Xiangtan Grand Ocean Department Store Co., Ltd.(Xiangtan), one of the Group' s subsidiaries, have reached its maturity in December 2018. The Group ceased Xiangtan's business operation, wherein a security deposit amounting to CNY$15,000 thousand is expected to be received. Xiangtan had already returned the property to its owner, Xiangyuan Industrial Development Co., Ltd.(Xiangyuan), but failed to receive the security deposit. In order to receive the payment and begin the liquidation process, Xiangtan filed a lawsuit against Xiangyuan. On July 1, 2019, the people's court ordered Xiangyuan to pay the amount of CNY$14,700 thousand to Xiangtan. However, Xiangyuan disagreed with the court' s decision, therefore, filed an appeal on November 13, 2019, wherein it was denied on January 16, 2020. Furthermore, Xiangtan filed an appeal to the court to freeze the property of Xiangyuan, in which the court granted the approval to do so. After a thorough investigation by the court, it was found that Xiangyuan has enough property to pay for the security deposit, and the Group has collected the mandatory payment of $1,511 thousand (CNY$348 thousand). Considering that the department store industry has been seriously affected by COVID recently and the future development of this region is highly uncertain, the Group recognized loss allowance of $31,410 thousand (CNY$7,126 thousand) as of December 31, 2022 for the lease deposit of $62,820 thousand (CNY$14,252 thousand) based on conservatism.

(iii) In 2012, the Group paid a guarantee deposit of CNY$124,000 thousand to Quanzhou Fengsheng Group to purchase the commercial real estate of the Fengsheng Junyuan Development Project developed by Fengsheng Group in Fengze District, Quanzhou. After assessing the investment value of the project, the Board of Directors of the Group resolved during the meeting in July 2015 to invest Quanzhou Fengan Real Estate Development Co., Ltd.(Fengan), and expected to obtain 100% equity of the company with a contractual amount of CNY$325,000 thousand. As of December 31, 2015, the Group had paid CNY$200,000 thousand, which was reported under the prepayment for investments. The management of the Group evaluated the uncertainty of the investment and thus terminated the investment. Therefore, the original prepayment for investments of CNY$200,000 thousand and other financial assets – current of CNY$124,000 thousand, were reclassified as other receivables as of June 30, 2016.

The Group reviewed the nature of other receivables and analyzed the current financial position of the counterparty. In order to secure the aforementioned debt, the Group had acquired pledge of stock rights of Fengan, and at the same time had obtained the debtor's promise that other investment profits to be priority to repay the debt. The Group evaluated that the aforementioned claims should have no impairment concern. Because the debtor takes time to complete the relevant legal procedures of the disposition of investment, the Group and the debtor renegotiate the repayment period, which should be before April 30, 2017, before September 30, 2017, and before December 31, 2017. The total amount of repayment should be 10%, 40% and 50%, respectively. In case of violation of the agreement, the aforementioned collateral would be transferred to the Group for debt repayment. As of December 31, 2017, the Group had recovered CNY$162,000 thousand according to aforesaid agreement. On December 19, 2017, the Board of Directors of the Group resolved during the meeting on the Fengsheng Group's extension of the repayment agreement, which extended remaining proceeds to June 30, 2018. Due to the delay of procedures of the disposition of investment, Fengsheng Group could not make the payments by the aforementioned date.

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To ensure the recovery of the aforementioned creditor's rights and the development of Fengan's property, on August 12, 2019, the Board of Directors resolved to sign a "Debt Confirmation and Repayment Plan" with Damahua Investment Co., Ltd. (Damahua), Fengsheng and Fengan, stating that Damahua will provide financial support to Fengan for the development and construction of a real estate property to be sold to the market to ensure that the future sales proceeds will be used to repay for the aforementioned claims. Considering the development progress of Fengan's property, the credit recovery period will exceed one year; therefore, the related receivables reclassified to other non-current receivables were recognized as other non-current financial assets. The Group evaluated that the aforementioned debt should have no impairment concern under the cash flow of pledge asset.

The Board of Directors resolved to sign a "Debt Preservation and Conditional Credit Transfer Agreement" and agree that the Group and Damahua to oversee the development and construction of Fengan's property to ensure that the future sales proceeds will be used to repay for the aforementioned claims. Damahua agreed that the credit transfer condition would be met under certain circumstances mentioned in transfer agreement, such as the construction couldn't resume as scheduled, the court auction is designated or the compulsory execution is enforced by judicial authority. The aforementioned "Debt Preservation and Conditional Credit Transfer Agreement" stated that the development project of the Fengan property must be restarted before June 30, 2020. However, the progress of approval was delayed because of COVID-19 pandemic, the Group has agreed to extend the start date to December 31, 2020.

On December 31, 2020, the aforementioned " Debt Preservation and Conditional Credit Transfer Agreement" has been reached, Damahua carried the aforementioned creditor's right. On February 9, 2021, the Group agreed to modify the original payment terms and timeline because of the impact of COVID-19 pandemic and the property policy in Quanzhou, which are force majeure. The details of payments are as follows:

1) Damahua agrees to pay CNY$30,000 thousand before February 9, 2021.

2) Damahua agrees to pay CNY$51,000 thousand before December 31, 2021.

3) Damahua agrees to pay CNY$81,000 thousand before June 30, 2022.

4) Under the premise of obtaining written consent of the Group, Damahua can transfer the title of properties located in Citong road to the Group, as the payment of debt.

However, due to the force majeure factors of COVID-19, which have seriously affected the society and various industries as well as the business of Damahua, Damahua needs to retain part of its working capital. Therefore, Damahua propose to postpone the payment of the remaining receivables to the Group until June 30, 2023, and reached an agreement in August 2022. As of September 30, 2022, the Group has collected the payment of CNY$101,000 thousand out of CNY$162,000 thousand. Leaving CNY$61,000 of receivables outstanding, the details of the payment are as follows:

1) Damahua agrees to pay CNY$16,000 thousand before December 31, 2022.

2) Damahua agrees to pay CNY$16,000 thousand before March 31, 2023.

(Continued)

3) Damahua agrees to pay CNY$29,000 thousand before June 30, 2023.

4) If Damahua fails to pay all the amounts above before the expiration of the deferred payment period, Damahua shall unconditionally cooperate with the liquidation of Quanzhou Jitong Road Project, and give priority to the repayment of debts with the proceeds of the land portion to the Group.

In 2021, the Group has collected the payment of CNY$55,500 thousand. In March and June 2022, the Group has collected the payment of CNY$25,500 thousand and CNY$20,000 thousand, respectively. Subsequently, Damahua failed to pay the Group CNY$16,000 thousand on December 31, 2022 as agreed. And as of December 31, 2022 and 2021, the outstanding receivables were $268,888 thousand (CNY$61,000 thousand) and $462,201 thousand (CNY$106,500 thousand), respectively. Recently the Quanzhou government has agreed with the development and construction of the Fengan's property to be undertaken in a cooperative way with existing developers, which is implement by the government of Fengze District, and is coordinating to promote the resumption of the construction of Fengan's property. Considering the circumstance above and- that the creditor's rights are generated by undertaking the Fengan's property, the Group plans to negotiate with Damahua on the proceeds from the subsequent development project to repay all claims.

Although the Group assessed that Damahua should be able to repay its debts after the distribution of the disposal of Fengan's property, based on conservatism, the Group recognized loss allowance for the overdue and upcoming receivables of CNY$32,000 thousand. And for the remaining receivables of CNY$29,000 thousand, it is measured at amortized cost using the effective interest method. The average bad debt ratio, macroeconomic and related industry information of the four major Chinese banks (Bank of China, China Construction Bank, Industrial and Commercial Bank of China, and Agricultural Bank of China) are incorporated into the forward-looking information to estimate the lifetime expected credit losses. As of December 31, 2022 and 2021, the loss allowance of $169,134 thousand and $50,765 thousand are recognized, respectively.

(iv) For further credit risk information, please refer to Note 6(z).

(e) Inventories (construction department)

	December 31, 2022	December 31, 2021
Land held for construction site	$ 518,796	518,437
Construction in progress	878,704	677,896
Buildings and land held for sale	41,931	41,931
Prepayment for land purchases and development expenses	298,960	127,357
	$ 1,738,391	**1,365,621**

The inventories of the Group had been pledged as collateral for bank borrowings; please refer to Note 8.

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(f) Loss of control of subsidiary (non-current assets held for sale)

The Group decided to dispose the entire equity of its subsidiary, Yee Shin investment Co, Ltd., to Yonghenghui investment Co., at the amount of $356,000 thousand, based on the resolution approved during the board meeting held on July 30, 2021, wherein the Group received deposit of $150,000 thousand (recognized as other current liabilities) on November 24, 2021, with the remaining amount being deposited in a trust account. All related procedures are still in progress, and the transaction is expected to be completed within one year; therefore, the assets and liabilities were classified to disposal group.

As of December 31, 2021, the disposal group comprised the following assets and liabilities:

	December 31, 2021
Cash and cash equivalents	$ 19,529
Investments accounted for using equity method	176,763
the assets of disposal group	**$ 196,292**
the liabilities of disposal group (recognized as other payables)	**$ 340**

The aforementioned non-current assets to be sold have completed the equity transfer procedure on November 7, 2022 and received the payment of $206,000 thousand. In 2022, $125,133 was recognized as disposal benefit, including the loss of $35,136 thousand recognized as other comprehensive income related to the subsidiary before.

The balance of Yee Shin investment Co, Ltd.'s assets and liabilities on November 7, 2022 are as follows:

Cash and cash equivalents	$ 19,078
Investments accounted for using equity method	176,763
Other payables	(110)
Balance of net assets of aforementioned subsidiary	**$ 195,731**

(g) Investments accounted for using equity method

The Group' s investments accounted for using the equity method at the reporting date were as follows:

Investee	December 31, 2022	December 31, 2021
Jiawang Assets Development Co., Ltd.	$ 4,186	5,755
Da Yu Financial Holdings Limited	754,461	675,949
Sandmartin International Holdings Ltd.	-	50,641
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	27,636	30,480
Hainan Sanhe Licheng Business Service Co., Ltd.	-	-
Shanghai Zhuke Technology Co., Ltd.	-	-
	$ 786,283	**762,825**

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(i) Aggregation of financial information－individually insignificant associates' equity

The Group's financial information for investments accounted for using the equity method that are individually insignificant were as follows:

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	$ 786,283	762,825

	For the years ended December 31 2022	2021
Attributable to the Group:		
Loss from continuing operations	$ (49,801)	(24,359)
Other comprehensive income	73,259	(16,656)
Total comprehensive income	$ 23,458	(41,015)

(ii) Nanjing Grand Ocean Dongfadao Catering Co., Ltd.

1) On May 6, 2021, the Group signed 5-year investment agreement with Shanghai Dongfadao Catering Management Co., Ltd. (hereinafter referred to as " Shanghai Dongfadao") at the amount of CNY$7,000 thousand, and jointly established Nanjing Grand Ocean Dongfadao Catering Co., Ltd. (hereinafter referred as Nanjing Dongfadao), wherein the Group will acquire 49% of the entire equity.

2) The share repurchase agreement stated in the investment contract

a) If Shanghai Dongfadao requires to be listed, the share repurchase can be negotiated with the Group and the equity of Nanjing Dongfadao can be repurchased via written consent.

b) If the deficit of Nanjing Dongfadao continues to accumulate for six months or has reached the amount of CNY$5,000 thousand, the Group has the right to notify Shanghai Dongfadao to repurchase its shares unconditionally, at a price deemed as the difference between the total investment amount of the Group and the profit distribution obtained in previous period.

(iii) Sandmartin International Holdings Ltd.

According to the resolution decided during the board meeting held on December 7, 2018, the Group decided to dispose its equity method investment in Sandmartin International Holdings Ltd., (recognized under non-current assets classified as held for sale) and started to conduct the related sales, which is expected to be completed within one year. The Group has taken all the necessary actions to respond accordingly to the changes in the situation and actively seek for a reasonable price to attract other buyers since the transaction is expected to be completed within one year. Therefore, in order to optimize the return of its investment, the Group increased the capital of Sandmartin International Holdings Ltd. in cash, at a shareholding ratio amounting to $75,434 thousand (HKD$20,924 thousand), based on the resolution the approved during the

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board meeting held on June 25, 2021. All related regulatory registration procedures were completed as of the reporting date. Since the requirements for the recognition of the non-current assets held for sale had been reassessed in the second quarter of 2021, the completion of the transaction will not be able to materialize within one year, resulting in the Group to cease the classification of the above investment as non-current assets held for sale.

(iv) Guarantees

The Group did not provide any investments accounted for using the equity method as collateral for its loans.

(h) Business combination – acquisition of subsidiaries

On June 30, 2021, the Group acquired the entire shares of Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd. (hereinafter referred to as "Shanghai Qianshu"), resulting in its equity interest in Shanghai Qianshu to increase from 0% to 100% and gain control over it, enabling the Group to expand its business on retail industry. From acquisition date to December 31, 2021, Shanghai Qianshu contributed the revenue and loss after tax of $21,981 thousand and $(3,844) thousand, respectively. If the acquisition had occurred on January 1, 2021, the management estimates that the consolidated revenue and the consolidated profit after tax would have been $6,925,974 thousand and $(1,321) thousand, respectively. In determining these amounts, the management assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2021.

(i) The following table summarizes each major class of consideration transferred.

Cash	**$**	**4,340**

(ii) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized the fair value of assets acquired and liabilities assumed at the acquisition date.

Property, plant and equipment	$	15,454
Prepayments		5,981
Cash and cash equivalents		811
Other non-current financial assets		4
Other payables		(74,394)
Deposits received		(46,278)
Fair value of identifiable net assets acquired	**$**	**(98,422)**

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(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

Consideration transferred	$	4,340
Less: Fair value of identifiable net assets		(98,422)
	$	**102,762**

The purchase price allocation report of acquiring subsidiary was valuated based on independent appraiser with related professional qualification and experience.

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of a subsidiary were as follows:

Name of Subsidiary	Main operation/ place	Percentage of non-controlling interests December 31, 2022	December 31, 2021
GRAND OCEAN RETAIL GROUP LTD.	China/Cayman Islands	41.38 %	41.69 %

The following information of the aforementioned subsidiary has been prepared in accordance with the IFRSs endorsed by the FSC. Intra-group transactions were not eliminated in this information.

Collective financial information of Grand Ocean Retail Group Ltd.

		December 31, 2022	December 31, 2021
Current assets	$	2,830,302	4,999,105
Non-current assets		20,514,873	22,278,302
Current liabilities		(5,202,977)	(7,225,731)
Non-current liabilities		(10,886,951)	(12,012,875)
Net assets	**$**	**7,255,247**	**8,038,801**
Non-controlling interest	**$**	**3,002,223**	**3,351,378**

		For the years ended December 31 2022	2021
Sales revenue	**$**	**4,150,142**	**5,159,425**
Net loss	$	(832,847)	(232,135)
Other comprehensive income (loss)		40,171	(30,896)
Comprehensive income (loss)	**$**	**(792,676)**	**(263,031)**
Net loss, attributable to non-controlling interests	**$**	**(344,904)**	**(96,761)**
Comprehensive income (loss), attributable to non-controlling interests	**$**	**(327,304)**	**(108,750)**

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	For the years ended December 31 2022	2021
Net cash flows from operating activities	$ (281,224)	1,191,139
Net cash flows from investing activities	(66,166)	(63,786)
Net cash flows from financing activities	(1,613,599)	(1,337,998)
Effect of exchange rate changes	74,515	(20,825)
Net decrease in cash and cash equivalents	**$ (1,886,474)**	**(231,470)**
Dividends paid to non-controlling interests	**$ -**	**(81,522)**

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
Cost or deemed cost:								
Balance at January 1, 2022	$ 126,409	4,661,517	191,363	9,191,189	234,509	6,742,846	31,596	21,179,429
Additions	-	579	6,099	14,636	4,779	33,607	159,495	219,195
Reclassifications	-	-	-	-	13,110	107,925	(121,035)	-
Reclassification to intangible assets	-	-	-	-	-	-	(3,951)	(3,951)
Reclassifications to expense	-	-	-	-	-	-	(594)	(594)
Disposals and obsolescence	-	-	(32,730)	-	(3,270)	(1,815)	-	(37,815)
Disposals of subsidiary	-	-	-	-	(325)	(945)	-	(1,270)
Effect of change in foreign exchange rates	-	71,968	2,761	1,006,899	3,992	104,900	292	1,190,812
Balance at December 31, 2022	**$ 126,409**	**4,734,064**	**167,493**	**10,212,724**	**252,795**	**6,986,518**	**65,803**	**22,545,806**
Balance at January 1, 2021	$ 126,409	4,690,022	194,358	7,558,952	239,855	6,628,424	58,535	19,496,555
Additions	-	-	37,487	57,948	5,426	56,738	165,737	323,336
Transferred from prepaid equipment.	-	-	-	1,810,836	-	-	-	1,810,836
Transferred from inventories	-	-	8,678	-	-	-	-	8,678
Reclassifications	-	-	-	-	7,446	191,009	(202,652)	(4,197)
Disposals and obsolescence	-	(2,170)	(42,844)	-	(12,971)	(91,604)	-	(149,589)
Disposal of subsidiaries	-	-	(5,212)	-	(5,131)	(3,878)	-	(14,221)
Acquisition through business combinations	-	-	-	-	1,243	-	14,211	15,454
Effect of change in foreign exchange rates	-	(26,335)	(1,104)	(236,547)	(1,359)	(37,843)	(4,235)	(307,423)
Balance at December 31, 2021	**$ 126,409**	**4,661,517**	**191,363**	**9,191,189**	**234,509**	**6,742,846**	**31,596**	**21,179,429**

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	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
Depreciation and impairment loss:								
Balance at January 1, 2022	$ -	693,421	77,316	2,369,354	180,428	4,024,715	514	7,345,748
Depreciation	-	112,882	27,165	401,781	14,233	432,134	-	988,195
Disposals and obsolescence	-	-	(22,113)	-	(2,995)	(912)	-	(26,020)
Impairment loss	-	-	115	-	2,880	150,804	1,791	155,590
Disposals of subsidiary	-	-	-	-	(323)	(945)	-	(1,268)
Effect of change in foreign exchange rates	-	9,682	1,178	271,023	2,718	59,395	12	344,008
Balance at December 31, 2022	$ -	815,985	83,661	3,042,158	196,941	4,665,191	2,317	8,806,253
Balance at January 1, 2021	$ -	587,303	68,316	2,082,449	184,048	3,700,335	-	6,622,451
Depreciation	-	110,612	32,655	350,173	14,233	419,144	-	926,817
Disposals and obsolescence	-	(1,326)	(22,760)	-	(11,794)	(91,166)	-	(127,046)
Impairment loss	-	-	4,700	-	-	21,379	514	26,593
Disposal of subsidiaries	-	-	(5,212)	-	(5,027)	(3,878)	-	(14,117)
Effect of change in foreign exchange rates	-	(3,168)	(383)	(63,268)	(1,032)	(21,099)	-	(88,950)
Balance at December 31, 2021	$ -	693,421	77,316	2,369,354	180,428	4,024,715	514	7,345,748
Carrying amounts:								
Balance at December 31, 2022	$ 126,409	3,918,079	83,832	7,170,566	55,854	2,321,327	63,486	13,739,553
Balance at January 1, 2021	$ 126,409	4,102,719	126,042	5,476,503	55,807	2,928,089	58,535	12,874,104
Balance at December 31, 2021	$ 126,409	3,968,096	114,047	6,821,835	54,081	2,718,131	31,082	13,833,681

(i) The significant components of the buildings include the main building, electrical equipment and air conditioner with their own estimated useful lives.

(ii) The Boards of Directors decide to discontinue the business of its subsidiary, Chongqing Optics Valley Grand Ocean Commercial Development Limited on October 31, 2022, due to continuous operating losses, leading to the recognition of impairment loss of $155,590 thousand.

(iii) In September 2021, Subsidiary Fuzhou Grand Ocean Commerce Ltd. of the Group haven’t reached to an agreement on lease renewal of partial floors of the department store. Therefore, the Group scrapped the counters of the aforementioned floors and recognized impairment loss of $21,379 thousand.

(iv) Due to the long-term suspension of the gas pipeline construction of Quanzhou Grand Ocean Commerce Limited, subsidiary of the Group. Therefore for the year ended December 31, 2021, the group recognize $514 thousand of impairment loss.

(v) The property, plant and equipment of the Group had been pledged as collateral for bank borrowings; please refer to Note 8 for further details.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Right-of-use assets

The Group leases many assets including land, buildings, machine and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Machinery equipment	Total
Cost:				
Balance at January 1, 2022	$ 3,275,716	11,648,905	58,416	14,983,037
Additions	-	39,779	7,485	47,264
Lease modifications	-	(847,391)	-	(847,391)
Disposal and derecognition	-	(30,812)	-	(30,812)
Effect of changes in foreign exchange rates	51,394	188,492	916	240,802
Balance at December 31, 2022	**$ 3,327,110**	**10,998,973**	**66,817**	**14,392,900**
Balance at January 1, 2021	$ 3,294,512	7,317,431	61,197	10,673,140
Additions	-	4,318,534	-	4,318,534
Lease modifications	-	505,204	-	505,204
Disposal and derecognition	-	(433,636)	-	(433,636)
Disposals of subsidiary	-	(17,848)	(2,446)	(20,294)
Effect of changes in foreign exchange rates	(18,796)	(40,780)	(335)	(59,911)
Balance at December 31, 2021	**$ 3,275,716**	**11,648,905**	**58,416**	**14,983,037**
Accumulated depreciation:				
Balance at January 1, 2022	$ 288,745	2,224,563	21,479	2,534,787
Depreciation for the year	98,392	979,854	8,404	1,086,650
Lease modifications	-	(322,149)	-	(322,149)
Disposal and derecognition	-	(30,812)	-	(30,812)
Effect of changes in foreign exchange rates	3,896	31,014	290	35,200
Balance at December 31, 2022	**$ 391,033**	**2,882,470**	**30,173**	**3,303,676**
Balance at January 1, 2021	$ 193,601	1,807,622	15,540	2,016,763
Depreciation for the year	96,228	864,978	7,243	968,449
Disposal and derecognition	-	(420,032)	-	(420,032)
Disposals of subsidiary	-	(17,848)	(1,223)	(19,071)
Effect of changes in foreign exchange rates	(1,084)	(10,157)	(81)	(11,322)
Balance at December 31, 2021	**$ 288,745**	**2,224,563**	**21,479**	**2,534,787**
Carrying amounts:				
Balance at December 31, 2022	**$ 2,936,077**	**8,116,503**	**36,644**	**11,089,224**
Balance at January 1, 2021	**$ 3,100,911**	**5,509,809**	**45,657**	**8,656,377**
Balance at December 31, 2021	**$ 2,986,971**	**9,424,342**	**36,937**	**12,448,250**

The Boards of Directors decide to discontinue the business of its subsidiary, Chongqing Optics Valley Grand Ocean Commercial Development Limited on October 31, 2022 due to continuous operating losses. Therefore, the lease modification resulting from the shortened lease term caused by the lease termination are detailed in Note 6 (y).

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(l) Intangible assets

The costs, amortization, and impairment loss of intangible assets for the years ended December 31, 2022 and 2021, were as follows:

		Goodwill	Trademark	License Plate	Other	Total
Cost:						
Balance at January 1, 2022	$	1,450,805	387,825	188,554	34,749	2,061,933
Additions		-	-	-	4,687	4,687
Transferred from construction in progress		-	-	-	3,951	3,951
Disposal and derecognition		-	-	(49,784)	(80)	(49,864)
Effect of change in foreign exchange rates		22,762	42,469	3,279	490	69,000
Balance at December 31, 2022	$	**1,473,567**	**430,294**	**142,049**	**43,797**	**2,089,707**
Balance at January 1, 2021	$	1,361,635	399,178	305,176	39,811	2,105,800
Additions		-	-	-	1,047	1,047
Acquisition through business combinations (Note 6(h))		102,762	-	-	-	102,762
Reclassifications		-	-	-	4,197	4,197
Disposal and derecognition		(5,757)	-	(114,857)	(10,026)	(130,640)
Effect of change in foreign exchange rates		(7,835)	(11,353)	(1,765)	(280)	(21,233)
Balance at December 31, 2021	$	**1,450,805**	**387,825**	**188,554**	**34,749**	**2,061,933**
Accumulated amortization and impairment loss:						
Balance at January 1, 2022	$	-	-	5,082	17,867	22,949
Amortization for the year		-	-	-	5,205	5,205
Impairment loss		-	-	-	205	205
Disposal and derecognition		-	-	-	(80)	(80)
Effect of change in foreign exchange rates		-	-	80	247	327
Balance at December 31, 2022	$	**-**	**-**	**5,162**	**23,444**	**28,606**
Balance at January 1, 2021	$	5,857	-	5,111	22,358	33,326
Amortization for the year		-	-	-	5,715	5,715
Disposal and derecognition		(5,757)	-	-	(10,026)	(15,783)
Effect of change in foreign exchange rates		(100)	-	(29)	(180)	(309)
Balance at December 31, 2021	$	**-**	**-**	**5,082**	**17,867**	**22,949**
Carrying amounts:						
Balance at December 31, 2022	$	**1,473,567**	**430,294**	**136,887**	**20,353**	**2,061,101**
Balance at January 1, 2021	$	**1,355,778**	**399,178**	**300,065**	**17,453**	**2,072,474**
Balance at December 31, 2021	$	**1,450,805**	**387,825**	**183,472**	**16,882**	**2,038,984**

(Continued)

(i) Impairment testing of goodwill

For impairment testing, the Group had allocated goodwill to the individual CGUs. The carrying amount of goodwill was allocated to each CGU as follows:

	December 31, 2022		December 31, 2021	
	Carrying amount	**Recoverable amount**	**Carrying amount**	**Recoverable amount**
Goodwill				
Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd.	$ 104,374	749,774	102,762	360,641
Wuhan Grand Ocean Classic Commercial Department Limited	192,783	380,564	189,805	278,526
Fuzhou Grand Ocean Commerce Limited	1,176,410	1,388,105	1,158,238	1,437,234
	$ 1,473,567	2,518,443	1,450,805	2,076,401
Trademark				
Grand Ocean Classic Commercial Group Co., Ltd.	$ 430,294	570,868	387,825	690,191

The recoverable amount of CGU is the higher of fair value less costs of disposal or value in use. If an asset's recoverable amount is higher than its carrying amount, the Group assumes that there is no doubt about impairment loss. The recoverable amount of CGUs as of December 31, 2022 and 2021 was estimated on its value in use, except Fuzhou Grand Ocean Commerce Limited, its recoverable amount was fair value less costs of disposal.

The fair value of Fuzhou Grand Ocean Commerce Limited, as of December 31, 2022 and 2021, was estimated by market approach, which was based on the identical industries in recent market or similar deal prices in the neighborhood, and the fair value measurement was categorized as a Level 2 fair value based on the inputs in the valuation technique used.

The recoverable amount of the CGUs, Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd., Wuhan Grand Ocean Classic Commercial Department Limited and Fuzhou Grand Ocean Commerce Limited, as of December 31, 2022 and 2021, were estimated on the value in use. The key assumptions used in estimating the value in use were as follows:

	December 31, 2022	**December 31, 2021**
Discount rate	10%	10%
Growth rate	5%～11%	2%～6%

1) The discount rate was a pre-tax measure based on the rate of 20-year government bonds of China issued by the government and adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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2) Estimates of future cash flows are based on past experience, actual operating results and future lease agreement due date.

3) The operating income forecast measures the average growth over the past five years. And based on comparable company data, sales price is projected to grow at a fixed rate slightly higher than the expected inflation rate for the next five years.

4) In operational plan, costs and expenses were estimated based on past experiences and other variable factors.

The aforementioned key assumptions were taking into account the external and internal historical information, and represented management's evaluation and estimates of future economic trend of retail business.

(ii) The Boards of Directors decide to discontinue the business of its subsidiary, Chongqing Optics Valley Grand Ocean Commercial Development Limited on October 31, 2022 due to continuous operating losses, leading to the recognition of impairment loss of $205 thousand.

(iii) Impairment testing of license plates

As of December 31, 2022 and 2021, the recoverable amount of the CGU was as follows:

	December 31, 2022		December 31, 2021	
	Carrying amount	**Recoverable amount**	**Carrying amount**	**Recoverable amount**
Intangible assets—license plate	$ 136,887	147,836	183,472	208,813

The fair value of license plates as of December 31, 2022 and 2021, was estimated by market approach, which was based on the identical industries in recent market or similar deal prices, and the fair value measurement has been categorized as a Level 2 fair value.

(m) Other financial assets－current and non-current

	December 31, 2022	**December 31, 2021**
Other financial assets－current		
Deposits－out for lease	$ 28,999	559
Restricted deposits	73,241	99,397
Vehicle purchase claims	35,264	-
Others	2,661	3,223
Less: Allowance for impairment	(35,264)	-
	$ 104,901	103,179

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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		December 31, 2022	December 31, 2021
Other financial assets－non-current			
Deposits－out for lease	$	187,228	211,317
Deposits－out for cooperation		8,178	-
Restricted deposits		8,186	-
Vehicle purchase claims		-	34,719
Others		17,646	17,758
	$	**221,238**	**263,794**

(i) Deposits－out for lease is leasing deposit from lessee.

(ii) In November 2020, the Group acquired the right to purchase the 765 Zotye vehicles of Shanghai Zhuke Technology Co., Ltd. (hereinafter referred to as “Shanghai Zhuke”) at the price of CNY$8,000 thousand. Thereafter, Shanghai Zhuke would unconditionally transfer the vehicles to the Group after three years. However, Zotye International Automobile Trading Co., Ltd. entered into bankruptcy and was liquidated in December 2020, which prompted Shanghai Zhuke to make a proposal with disposal of vehicles in advance to the Group. On August 19, 2021, the Group approved the proposal and reached a supplemental agreement with Shanghai Zhuke, who agreed to pay the amount at a fair value of CNY$11,000 thousand upon maturity (March 2023). The aforementioned receivables of CNY$8,000 thousand had already been discounted and reclassified from financial assets at fair value through profit or loss to recognized as other financial assets. For the year ended December 31, 2022, due to the significant increase in the credit risk of Shanghai Zhuke, the Group evaluated the credit risk on an individual basis and recognized all the amount in loss allowance for expected credit loss of $35,494 thousand.

(iii) For further credit risk information, please refers to Note 6(z).

(n) Short-term borrowings

		December 31, 2022	December 31, 2021
Unsecured bank loans	$	918,080	1,115,752
Secured bank loans		1,909,365	2,275,839
Other secured loans		-	5,102
Total	$	**2,827,445**	**3,396,693**
Unused credit lines	$	**2,073,518**	**1,069,143**
Range of interest rates		**1.49%~9.30%**	**1.41%~9.30%**

For the collateral of short-term borrowings, please refer to Note 8.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Long-term borrowings

The list, terms and conditions of long-term borrowings of the Group were as follows:

	December 31, 2022			
	Currency	**Annual interest rate**	**Year of maturity**	**Amount**
Unsecured bank loans	USD	2.88%~6.95%	2024~2025	$ 1,250,257
	CNY	4.50%~4.80%	2023	110,200
	NTD	2.09%~2.27%	2024	300,000
Secured bank loans	USD	5.27%~6.64%	2023~2032	2,630,937
	CNY	4.20%	2025	440,800
	NTD	2.39%~2.44%	2026	1,487,500
Secured notes	NTD	0.58%~1.31%	2026	249,862
Other secured loans	CNY	8.50%~15.60%	2024	47,147
				6,516,703
Less: current portion				(1,334,503)
Total				**$ 5,182,200**
Unused credit lines				**$ 356,345**

	December 31, 2021			
	Currency	**Annual interest rate**	**Year of maturity**	**Amount**
Unsecured bank loans	USD	1.72%~4.36%	2022~2023	$ 723,570
	CNY	2.95%~5.56%	2022~2024	390,296
	NTD	1.50%~1.58%	2023	250,000
Secured bank loans	USD	1.03%~1.72%	2023~2032	2,797,474
	CNY	5.23%	2022	390,593
	NTD	1.80%~1.96%	2026	1,662,500
Secured notes	NTD	0.49%~0.58%	2026	249,916
Other secured loans	CNY	9.50%~15.60%	2022~2024	89,759
				6,554,108
Less: current portion				(1,621,462)
Total				**$ 4,932,646**
Unused credit lines				**$ 214,374**

(i) For the collateral of long-term borrowings, please refer to Note 8.

(Continued)

(ii) Significant loan contract agreement

The Group signed a syndicated loan agreement with the syndicate of six banks (including Chang Hwa Commercial Bank, Ltd.). According to the agreement, the Group should maintain the following financial ratios and regulations, and start the inspection from the second quarter of 2021, which shall be performed every six months:

1) Current ratio [current assets / (current liabilities - current portion of long-term borrowings - current lease liabilities)]: should not be less than 80%;

2) Debt ratio [(total liabilities - lease liabilities) / total equity]: should not be more than 150%;

3) Interest coverage ratio [(profit before tax + finance cost + depreciation + amortization) / finance cost]: should be maintained at 3 or above;

4) Net tangible assets [(total equity - intangible assets)]: should be maintained at NTD$9 billion or above.

(p) Bonds payable

The information of bonds of the Group were as follows:

	December 31, 2021
Total convertible bonds issued	$ 1,542,300
Less: Cumulative converted amount	(1,542,300)
Corporate bonds issued balance at year-end	**$ -**

	For the year ended December 31 2021
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	**$ (925)**
Interest expense	**$ 40,802**

For the collateral of corporate bonds, please refer to Note 8.

(q) Accounts payable and other payables

	December 31, 2022	December 31, 2021
<u>Accounts payable</u>		
Arising from direct sales	$ 46,335	86,889
Arising from concessionaire sales	880,886	1,853,055
Others	43,719	73,492
Total	**$ 970,940**	**2,013,436**

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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	December 31, 2022	December 31, 2021
Other payables		
Construction payables	$ 171,473	166,014
Compensation payables	158,258	-
Others	662,515	820,957
Total	$ **992,246**	**986,971**

(r) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ **947,988**	**837,940**
Non-current	$ **9,044,616**	**10,770,711**

For the years ended December 31, 2022 and 2021, the Group recognized its lease modification amounting to $878,806 thousand and $489,501 thousand.

For the maturity analysis, please refer to Note 6(z).

The amounts recognized in profit or loss were as follow:

	For the years ended December 31	
	2022	2021
Interest on lease liabilities	$ **541,342**	**382,024**
Variable lease payments not included in the measurement of lease liabilities	$ **52,335**	**86,536**
Expenses relating to short-term leases	$ **1,286**	**1,268**
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ **1,967**	**1,751**
Related rent concessions for Covid-19 (recognized as deduction of depreciation expenses)	$ **101,425**	**31,195**

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the years ended December 31	
	2022	2021
Total cash outflow for leases	$ **1,474,030**	**1,777,983**

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(i) Real estate leases

The Group leases land use rights, housing and buildings as office space, staff quarters and department store for business. And the lease period of office space, staff quarters and department store are usually three to five years, one to twenty years, and ten to twenty years, respectively. Some leases include the option to extend the lease period at the end of the lease term.

Some leases provide for additional rent payments that are based on changes in local price indices, or sales that the Group makes at the leased store in the period.

Some leases provide for additional rent payments that are based on changes in local price indices, or sales that the Group makes at the leased store in the period. These payment terms are common in retail stores in the country where the Group operates. Fixed and variable retail payments for the years ended December 31, 2022 and 2021, were as follows:

	For the year ended December 31, 2022			
	Fixed payments	**Variable payments**	**Total payments**	**Estimated annual impact on rent of a 1% increase in sales**
Leases with lease payments based on sales	$ **125,132**	**52,335**	**177,467**	**523**

	For the year ended December 31, 2021			
	Fixed payments	**Variable payments**	**Total payments**	**Estimated annual impact on rent of a 1% increase in sales**
Leases with lease payments based on sales	$ **111,501**	**86,536**	**198,037**	**865**

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

(ii) Other leases

The Group leases transportation and machinery equipment, with lease terms of five to ten years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases part of the office and machinery equipment with contract terms of one years. These leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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(s) Operating lease

(i) Leases as lessor

The Group leases its bulk carriers and transportation equipment and these contracts was classified as operating leases, because it has not substantially transferred all of the risks and rewards affiliated to the ownership of the assets. For more information please refer to note 6 (j). In addition, please refer to Note 6(c) for the information about the rental business in finance leases of transportation equipment.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

1) Bulk carriers

	December 31, 2022	December 31, 2021
Less than one year	$ 1,249,073	786,357
Between one and two years	406,514	524,985
Between two and three years	243,724	366,392
Between three and four years	6,686	219,669
Between four and five years	-	6,276
Total undiscounted lease payments	**$ 1,905,997**	**1,903,679**

2) Transportation equipment

	December 31, 2022	December 31, 2021
Less than one year	$ 63,709	45,251
Between one and two years	11,917	38,099
Between two and three years	3,763	10,917
Between three and four years	39	3,235
Total undiscounted lease payments	**$ 79,428**	**97,502**

The direct expenses including repairs and maintenance arising from bulk carriers were as follows:

	For the years ended December 31	
	2022	**2021**
Operating costs	**$ 44,275**	**31,029**

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(t) Income Tax

(i) Income tax expense

The components of income tax were as follows:

		For the years ended December 31 2022	2021
Current tax expense			
Current period	$	108,172	135,928
Land value increment tax		-	213
Adjustment for prior periods		2,330	(1,940)
		110,502	134,201
Deferred tax expense			
Origination and reversal of temporary differences		107,402	174,131
Income tax expense	**$**	**217,904**	**308,332**

Reconciliation of income tax and profit before tax were as follows:

		For the years ended December 31 2022	2021
(Loss) profit excluding income tax	$	(137,526)	361,427
Income tax using the Company's domestic tax rate	$	(58,195)	76,181
Effect of tax rates in foreign jurisdiction		30,423	6,928
Non-deductible expenses		9,767	13,068
Share of loss of associates accounted for using equity method		314	973
Suspended levy of securities transaction income tax		(25,027)	-
Recognition of previously unrecognized tax losses		-	(9,517)
Land value increment tax		-	213
Tax exempt income of land		-	(2,946)
Income basic tax		14,552	-
Current-year losses for which no deferred tax asset was recognized		237,334	172,607
Change in unrecognized temporary differences		(136,640)	(41,079)
Change in provision in prior periods		2,330	(1,940)
Realized loss of investments		(9)	(24)
Recognition of previously unrecognized tax losses		132,481	90,628
Others		10,574	3,240
Total	**$**	**217,904**	**308,332**

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

Subsidiary FIRST STEAMSHIP S.A had been approved during the board meeting of dividend policy. The retained earnings before 2018 will not be distributed.

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2022	December 31, 2021
Aggregated amount of temporary differences related to investments in subsidiaries	$ 1,325,822	1,188,703
Unrecognized deferred tax liabilities	$ 265,164	237,741

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
Tax effect of deductible temporary differences	$ 98,627	46,248
The carry forward of unused tax losses	$ 786,327	723,465

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Besides, the Law of the People's Republic of China on Enterprise Income Tax allows net losses, as assessed by the tax authorities, to offset taxable income over a period of five years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax liabilities:

	the estimated appropriated of earnings of subsidiary
Balance at January 1, 2022	$ 59,615
Foreign currency translation differences for foreign operations	5,556
Balance at December 31, 2022	**$ 65,171**
Balance at January 1, 2021	$ 70,355
Recognized in profit or loss	(9,255)
Foreign currency translation differences for foreign operations	(1,485)
Balance at December 31, 2021	**$ 59,615**

Deferred tax assets:

	Rental expenses and others	The carryforward of unused tax losses	Total
Balance at January 1, 2022	$ 679,022	182,884	861,906
Recognized in profit or loss	(62,385)	(45,017)	(107,402)
Foreign currency translation differences for foreign operations	11,055	3,284	14,339
Balance at December 31, 2022	**$ 627,692**	**141,151**	**768,843**
Balance at January 1, 2021	$ 687,892	363,437	1,051,329
Recognized in profit or loss	(21,753)	(161,633)	(183,386)
Foreign currency translation differences for foreign operations	12,883	(18,920)	(6,037)
Balance at December 31, 2021	**$ 679,022**	**182,884**	**861,906**

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(iii) As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

	Unused tax loss		Expiry date	
Year of loss	**Company in Taiwan**	**Subsidiary in China**	**Company in Taiwan**	**Subsidiary in China**
2015	$ 39,699	-	2025	-
2016	73,267	-	2026	-
2017	46,055	-	2027	-
2018	20,950	318,217	2028	2023
2019	2,059	573,919	2029	2024
2020	64,883	1,231,601	2030	2025
2021	1,585	658,522	2031	2026
2022	53,332	686,189	2032	2027
Total	**$ 301,830**	**3,468,448**		

(iv) Examination and Approval

1) The Company's and other ROC subsidiaries' tax returns for the years through 2020 were examined and approved by the national tax authorities

2) The annual tax returns of subsidiaries in China through 2021 were examined and approved by the tax authority.

(u) Capital and other equity

As of December 31, 2022 and 2021, the number of authorized ordinary shares were both 1,200,000 thousand shares with par value of $10 per share. The total value of authorized ordinary shares was both amounted to $12,000,000 thousand. As of that date, the number of ordinary shares issued were both 834,776 thousand. All issued shares were paid up upon issuance.

(i) Ordinary shares

In 2021, convertible bonds issued by the Group amounting to $1,480,134 thousand were converted into 148,013 thousand shares of common stock with par value $10. The relevant statutory registration procedures have since been completed. The Group debited additional paid-in capital—stock option for $(96,902) thousand and recognized corporate bond transfer surplus $102,310 thousand because of the transaction.

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(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021, were as follows:

	December 31, 2022	December 31, 2021
Share capital	$ 352,570	352,570
Stock option from convertible corporate bonds	851,231	851,231
Forfeited share options	13,838	13,838
Treasury share transactions	15,967	15,967
Difference arising from subsidiary's share price and its carrying value	617,046	601,797
Changes in an ownership interest in subsidiaries	72,728	67,381
Donation from shareholders	3,332	3,332
	$ **1,926,712**	**1,906,116**

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

On July 30, 2021, a resolution was passed during the shareholders' meeting to offset accumulated deficits using legal reserve of $247,895 thousand and capital surplus–share capital of $22,746 thousand, and to tally amounting to $270,641 thousand.

(iii) Retained earnings

The Company' s article of incorporation stipulates that Company's profit should be used to offset the prior years' deficits in first, then 10% is to be appropriated as legal reserve, when the legal reserve has reached the company's actual capital received isn't unrestricted. Then in according to the act or the competent authority the the special reserve is allocated or reversed. Then any remaining earning together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The dividend policy of the Company shall take into account the actual operating conditions of the current year, future investment development, funding needs, financial structure, and take into account the interests of shareholders. Distributable surplus may be distributed in the form of shares or cash, unless it is reserved at the discretion. However, cash dividends shall not be less than 10% of the total dividends. If the cash dividends to be distributed per share are less than $0.5, they shouldn't be distributed unless otherwise resolved by the shareholders' meeting.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRSs. And accumulated translation adjustment recognized under shareholders' equity are classified to retained earnings Except that the retained earnings arising from the first adoption of the IFRS recognized by the FSC on the conversion date is a net decrease, and there is no need to set aside the same amount of special reserve according to the regulations of the FSC.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. (When the Company distributes its 2020 earnings in 2021, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2021 earnings in 2022, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve.) A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. A resolution was passed during the shareholders' meeting held on June 24, 2022 for the appropriation of special earnings reserve of $67,938 thousand.

3) Earnings distribution

The Company, pursuant to the resolution reached in shareholder meeting held on June 24, 2022 and July 30, 2021, did not appropriate the earnings for 2021 and 2020.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(iv) Treasury stock

1) In 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 10,000 thousand shares as treasury shares in order to transfer the shares to employees. As of December 31, 2022, a total of 10,000 thousand shares were not yet cancelled.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of total issued shares. Also the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized reserves.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

2) Details of subsidiary transferred treasury stock to employees were as follows:

(In thousands of shares)

	For the years ended December 31	
	2022	**2021**
Outstanding at January 1	9,007	10,507
Vested during the year	(325)	(1,500)
Outstanding at December 31	**8,682**	**9,007**

The prepayments from transferring treasury shares for employees to subscribe were recognized as prepaid payroll. As of December 31, 2022 and 2021, the prepayments amounting to $139,588 thousand and $141,093 thousand, respectively (recognized as other non-current assets). Considering the changes in the economic environment and the impact of the COVID-19, a resolution adopted was decided at the general meeting of shareholders held on August 31, 2022 to defer the repayments of prepaid payroll to 2025.

(v) Other equity interests

	Exchange differences on translation of foreign financial statements	Non-controlling interests	Total
Balance at January 1, 2022	$ (982,609)	3,440,895	2,458,286
Loss attributable to non-controlling interests	-	(361,465)	(361,465)
Exchange differences on investments accounted for using equity method	73,259	-	73,259
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(25,626)	(25,626)
Changes in ownership interests in subsidiaries	-	3,775	3,775
Changes in noncontrolling interests	-	45,000	45,000
Exchange differences on translation of foreign financial statements	605,465	17,600	623,065
Balance at December 31, 2022	**$ (303,885)**	**3,120,179**	**2,816,294**

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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	Exchange differences on translation of foreign financial statements	Non-controlling interests	Total
Balance at January 1, 2021	$ (810,816)	3,642,678	2,831,862
Profit attributable to non-controlling interests	-	(98,771)	(98,771)
Exchange differences on investments accounted for using equity method	(16,656)	-	(16,656)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(9,865)	(9,865)
Changes in ownership interests in subsidiaries	-	364	364
Changes in noncontrolling interests	-	(81,522)	(81,522)
Exchange differences on translation of foreign financial statements	(155,137)	(11,989)	(167,126)
Balance at December 31, 2021	**$ (982,609)**	**3,440,895**	**2,458,286**

(v) Earnings per share

	For the years ended December 31 2022	2021
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	**$ 6,035**	**151,866**
Issued ordinary shares at January 1	834,776	686,763
Effect of treasury stock	(10,000)	(10,000)
Effect of convertible bonds	-	87,751
Weighted average number of ordinary shares at December 31	824,776	764,514
Earnings per share (dollars)	**$ 0.01**	**0.20**
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 6,035	151,866
Effect of dilutive potential ordinary shares		
Effect of convertible bonds	(Note)	(Note)
Profit attributable to ordinary shareholders of the Company (diluted)	**$ 6,035**	**151,866**
Weighted average number of ordinary shares at December 31	$ 824,776	764,514
Effect of dilutive potential ordinary shares (basic)		
Effect of employee share compensation	71	265
Effect of convertible bonds	-	(Note)
Weighted average number of ordinary shares (diluted) at December 31	824,847	764,779
Earnings per share (dollars)	**$ 0.01**	**0.20**

Note: Anti-dilutive effect on earnings per share was not calculated.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2022					
	Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	$ -	6,746	-	-	-	6,746
China	-	-	4,150,142	86,278	-	4,236,420
Other	2,082,877	-	-	-	-	2,082,877
	$ 2,082,877	6,746	4,150,142	86,278	-	6,326,043
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	$ -	-	1,224,769	-	-	1,224,769
Commodity sales (Retail revenue – direct sales)	-	-	825,508	-	-	825,508
Lease revenue (Note)	2,082,877	6,746	1,115,858	57,204	-	3,262,685
Financial lease interest revenue (Note)	-	-	-	25,460	-	25,460
Service revenue and others	-	-	984,007	3,614	-	987,621
	$ 2,082,877	6,746	4,150,142	86,278	-	6,326,043

	For the year ended December 31, 2021					
	Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	$ -	5,896	-	-	63,418	69,314
China	-	-	5,159,425	163,401	-	5,322,826
Other	1,533,834	-	-	-	-	1,533,834
	$ 1,533,834	5,896	5,159,425	163,401	63,418	6,925,974
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	$ -	-	1,695,646	-	-	1,695,646
Commodity sales (Retail revenue – direct sales)	-	-	1,546,443	-	-	1,546,443
Lease revenue (Note)	1,533,834	5,896	954,479	72,537	-	2,566,746
Financial lease interest revenue (Note)	-	-	-	84,689	-	84,689
Service revenue and others	-	-	962,857	6,175	63,418	1,032,450
	$ 1,533,834	5,896	5,159,425	163,401	63,418	6,925,974

Note: The lease revenue and financial lease interest revenue of the Group are under IFRS 16.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(x) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and no more than 3% as directors’ and supervisors’ remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employee compensation could be distributed by cash or shares. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions that is approved by the Board of Directors. Directors’ remuneration could only be distribute by cash.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $13 thousand and $3,467 thousand and directors' and supervisors' remuneration amounting to zero, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses for each period.

If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021. Related information would be available at the Market Observation Post System website.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2022	2021
Interest income from bank deposits	$ 27,758	21,091
Loans interest income	7,683	6,089
Open end Funds	999	937
Interest income from corporate bonds	231	-
Other	3,795	5,214
	$ 40,466	**33,331**

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2022	2021
Dividend income	**$ 3,616**	**3,083**

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(iii) Other gains and losses

The details of other gains and losses were as follows:

		For the years ended December 31	
		2022	2021
Loss on disposal of property, plant and equipment	$	(1,359)	(1,343)
Gains on disposals of intangible assets		5,776	23,922
Gains on disposals of investments (Notes 6(f) and 7)		124,895	(6,926)
Foreign exchange (loss) gain		(17,862)	12,661
Gain on financial assets or liabilities at fair value through profit or loss		18,108	64,068
Impairment loss on property, plant and equipment	(Note)	(155,590)	(26,593)
Impairment loss on intangible assets	(Note)	(205)	-
Compensation losses	(Note)	(196,209)	-
Gains on lease modification	(Note)	353,564	2,099
Gains from transfer of overdue payments		99,096	-
Others		104,217	143,757
	$	**334,431**	**211,645**

Note: On December 31, 2022, due to the discontinue of the subsidiary, Chongqing Optics Valley Grand Ocean Commercial Development Limited, compensation payables of $158,258 thousand were estimated.

(iv) Finance costs

The details of finance costs were as follows:

		For the years ended December 31	
		2022	2021
Interest expenses	$	296,427	240,424
Amortization on discount of corporate bonds		-	40,802
Lease liabilities		541,342	382,024
Other financial expense		15,929	9,173
Other interest		-	8,904
	$	**853,698**	**681,327**

For the years ended December 31, 2022 and 2021, the interest expenses of the rental business department amounting to $19,975 thousand and $34,800 thousand, respectively, and were reported as operating costs.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(z) Financial instruments

(i) Credit risks

1) Credit risk exposure

As of December 31, 2022 and 2021, the Group's exposure to the maximum credit risk were from providing financial guarantees or failing to execute obligations by counterparty. The maximum credit risk exposure was as follows:

· The carrying amounts of financial assets recognized in the consolidated balance sheet; and

· The Group provided financial guarantees and committed to purchase default creditor's rights were as follows:

	December 31, 2022	December 31, 2021
Financial guarantees	$ 468,565	303,785
Committed to purchase defaulted creditor's rights	$ 90,790	218,259

The movement in the financial guarantee liability for financial guarantee were as follows:

	For the years ended December 31	
	2022	2021
Balance at January 1	$ 1,062	-
Impairment loss recognized	11,006	1,061
Effect of changes in foreign exchange rates	(54)	1
Balance at December 31 (reported as other current liabilities)	$ 12,014	1,062

2) Concentration of credit risk

There is no significant concentration on single customer in the Group's retail business, and debtors of accounts receivable are banks with high credit rating; therefore, management believes that there is no significant concentration of credit risk.

The Group's automobile lease business has a wide range of customers. To minimize the credit risk, the Group transacts with corporations or individuals that have credit ratings equivalent, and will assesses the ratings based on other publicly available financial information and will continuously monitor the exposure to credit risk.

Besides, the Group's shipping business consistently adheres to its policy of receiving in advance of each freight fee charged to customers to minimize credit risk.

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3) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, please refer to Note 6(c). Other financial assets at amortized cost includes other receivables, other financial assets, preferred stock and corporate bonds., etc., please refer to Notes 6(d), (m) and 13.

The impairment provision of all of these financial assets recognized during the period was limited to 12 months expected losses or lifetime ECL measurement.

The movement in the allowance for impairment for other receivables and other financial assets for the year ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Balance at January 1	$ 119,383	63,125
Impairment losses recognized	203,166	57,166
Disposals of subsidiary	-	(562)
Effect of foreign exchange rate	537	(346)
Balance at December 31	**$ 323,086**	**119,383**

(ii) Liquidity risks

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	1 years	1 to 5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 2,554,714	2,554,714	1,965,146	10,700	578,868
Floating rate instrument	7,249,114	8,108,571	2,919,128	4,305,605	883,838
Fixed rate instruments	2,095,034	2,197,376	1,564,270	633,106	-
Lease liabilities	9,992,604	13,518,692	1,406,742	4,575,230	7,536,720
	$ 21,891,466	**26,379,353**	**7,855,286**	**9,524,641**	**8,999,426**
December 31, 2021					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 3,700,989	3,700,989	3,002,368	27,922	670,699
Floating rate instrument	7,120,119	7,431,331	2,257,542	4,365,715	808,074
Fixed rate instruments	2,930,528	3,041,777	2,634,871	406,906	-
Lease liabilities	11,608,651	15,741,113	1,372,776	5,483,046	8,885,291
	$ 25,360,287	**29,915,210**	**9,267,557**	**10,283,589**	**10,364,064**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

		December 31, 2022			December 31, 2021	
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD:NTD	$ 14,059	30.70	431,611	8,684	27.67	240,286
HKD:USD	49,329	0.1284	194,449	5,161	0.1283	18,322
NTD:USD	7,180	0.0326	7,180	2,968	0.0361	2,968
Financial liabilities						
Monetary items						
USD:CNY	1,850	6.9646	56,795	3,875	6.3757	107,221

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD or CNY against the USD, EUR, HKD, AUD and CNY as of December 31, 2022 and 2021 would have increased (decreased) the profit before tax by $5,765 thousand and $1,544 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date.

Since the Group has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(17,862) thousand and $12,661 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and nonderivative financial instruments at the reporting date. Regarding of liabilities with floating interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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If the interest rate had increased or decreased by 0.5%, the Group's profit before tax would have decreased or increased by $25,508 thousand and $13,846 thousand, respectively. This is mainly due to the Group's borrowings at variable rates and demand deposits for the years ended December 31, 2022 and 2021, respectively, given that all other variable factors remaining constant.

(v) Other market price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	For the years ended December 31			
	2022		2021	
	Other comprehensive income after tax	Net Income or Loss	Other comprehensive income after tax	Net Income or Loss
Increase 5%	$ -	5,544	-	5,561
Decrease 5%	$ -	(5,544)	-	(5,561)

(vi) Fair value of financial instruments

1) Fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows:

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 245,828	104,987	5,893	134,948	245,828
Financial liabilities at fair value through profit or loss					
Non-derivative financial liabilities	$ 26,125	-	-	26,125	26,125

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 238,794	105,323	5,893	127,578	238,794
Financial liabilities at fair value through profit or loss					
Nonderivative financial liabilities	$ 23,234	-	-	23,234	23,234

2) Valuation techniques for financial instruments not measured at fair value

The Group' s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets or liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well established, only small volumes are traded, or bid ask spreads are very wide. Determining whether a market is active involves judgment.

If the Group' s financial instruments are regarded as being quoted in an active market, the classification and property of fair value are as follows :

- Stocks in listed companies, fund and Corporate bonds, which have standard term and quoted prices in active markets. The fair values are referenced by market quotation.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques. Embedded derivative instruments are measured at model of adjusted Binary tree.

c) Financial guarantee contract

Discounted cash flow models that are applied to estimate the fair value of a financial guarantee. The assumption is to use a probability-weighted discounted cash flow analysis that incorporates the expected default rate of the borrower and expected recoveries in the event of default.

d) Beneficiary rights-specific construction project and landowner

Measurement of the fair value of the Group' s beneficiary rights-specific construction project and landowner is based on the discounted cash flows model. Quantified information of significant unobservable inputs includes buildings sale prices and construction costs. The discounted cash flows are used to estimate fair values.

4) There were no transfers in either direction of levels in 2022 and 2021.

5) Reconciliation of Level 3 fair values

	Financial assets and liabilities as held for sale		
	Non-derivative financial assets -Beneficial rights	**Non-derivative financial assets liabilities-Landowner**	**Embedded derivative instruments**
Opening balance, January 1, 2022	$ 127,578	(23,234)	-
Issued	-	(2,891)	-
Total gains and losses recognized:			
In profit or loss	7,370	-	-
Ending Balance, December 31, 2022	**$ 134,948**	**(26,125)**	**-**
Opening balance, January 1, 2021	$ 119,158	-	925
Issued	-	(23,234)	-
Total gains and losses recognized:			
In profit or loss	8,420	-	(925)
Ending Balance, December 31, 2021	**$ 127,578**	**(23,234)**	**-**

For the years ended December 31, 2022 and 2021, total gains and losses that were included in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	For the years ended December 31	
	2022	**2021**
Total gains and losses recognized:		
In profit or loss, and including "other gains and losses"	**$ 7,370**	**8,420**

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss – embedded derivative instruments, and the financial instrument in Level 3 has only one significant unobservable input.

Quantified information of significant unobservable inputs was as follow:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Beneficial rights-Specific construction project	Discounted cashflow	· Volatility of buildings sale prices (as of December 31, 2022 and 2021, were both $410 thousand per square feet.) · Volatility of construction costs (as of December 31, 2022 and 2021, were both $133 thousand per square feet.)	· The estimated fair value would increase if the buildings sale prices was higher or the construction costs was lower.
Beneficial rights-Landowner	Discounted cashflow	· Volatility of buildings sale prices and construction costs (as of December 31, 2022 and 2021, were $307 thousand and $183 thousand per square feet, respectively.)	· The estimated fair value would increase if the buildings sale prices was higher or the construction costs was lower.

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss:

	Inputs	Fluctuation in inputs	Profit or loss	
			Favorable	Unfavorable
December 31, 2022				
Financial assets at fair value through profit or loss				
Beneficial rights-Specific construction project	Price volatility	5%	17,688	(17,688)
Financial liabilities at fair value through profit or loss				
Beneficial rights- Landowner	Price volatility	5%	12,151	(12,364)
December 31, 2021				
Financial assets at fair value through profit or loss				
Beneficial rights-Specific construction project	Price volatility	5%	17,420	(17,420)
Financial liabilities at fair value through profit or loss				
Beneficial rights Landowner	Price volatility	5%	10,946	(11,153)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(Continued)

(aa) Financial risk management

(i) Overview

The Group have exposures to the following risks due to the uses of its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group’ s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group’ s risk management policies are established to identify and analyze the Group’ s exposure to risks, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

The board of directors has overall responsibility for the establishment and oversight of the derivative financial instruments, and internal auditor undertakes regular reviews of risk management controls and procedures.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’ s receivables from customers and investments in debt securities.

1) Trade and other receivables

To minimize the credit risk, the Group’ s shipping business consistently adheres to its policy of receiving in advance of each freight fee being charged to its customers. In addition, the Group’ s vessel management receives fees monthly, assesses possibility of collecting receivables, and recognizes allowances for doubtful account.

The Group’ s retail business is expected to have no significant credit risk because its collection methods of primary customers and debtors of accounts receivable are through cash or credit card.

To minimize credit risk, the Group’ s automobile lease business transacts with corporations with high credit ratings, and assesses the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establishes sales limits based on credit rating for each of its approved customer. In addition, the management of credit risk to other receivables, please refers to Notes 6(d) and (m).

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables. The two components of this impairment allowance are specific loss component that relates to individually significant exposures, and a collective loss component which the loss has been incurred but not yet identified. Considering that the Group has no concentration on single customer and complies with the policy to receive proceeds in advance, the credit risk of accounts receivable is estimated to be low.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks with high credit rating, or financial institutes and corporate organizations with level of professional investor; therefore, the Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

the Group's guarantees with high credit ratings, and assesses the ratings based on other publicly available financial information and records of transactions with its major borrower. The Group continuously monitors the exposure to credit risk and counterparty credit ratings for each of its approved borrower.

For the Group providing financial guarantees, please refer to Notes 7, 9 and 13.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2022 and 2021, the Group's unused credit line amounted to $2,429,863 thousand and $1,717,509 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, USD, and CNY. The currencies used in these transactions are the USD and CNY.

The subsidiaries of the Group which use the CNY as the functional currency, choose USD borrowings to reduce the finance cost, because these borrowings are denominated in currencies that not match the cash flows generated by the underlying operations of the Group. The Group considers that reduced finance cost should offset the exchange rate risk arising from USD borrowings, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group' s risks with exposure to changes in interest rates arise mainly from borrowings from banks. Borrowings on a variable–rate basis will exposed the Group to the variability in cash flows attributable to interest rate risk. The Group assess the level of interest rate is recently stable in the business environment. Therefore, material interest rate risk is less likely to occur.

3) Other market price risk

The Group is exposed to equity price risk due to use capital effectively and hold different investment portfolios. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market index. Material investments within the portfolio are managed on an individual basis, and all buy and sell decisions are approved by the management authority.

The primary goal of the Group's investment strategy is to maximize investment returns; the board of directors and member in investment department were all professional in finance to make appropriate decision, and therefore the market price risk of investment at fair value through profit or loss were controlled by management.

(ab) Capital management

The Group' s objectives for managing capital are ensuring the ability to operate continuously, providing returns to shareholders and other stakeholders, and maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of 2022, the Group's capital management strategy is consistent with the prior year as of 2021. The gearing ratio is maintained within a constant ratio so as to ensure financing at reasonable cost.

The Group's debt-to-equity ratio at the end of the reporting period as of as of December 31, 2022 and 2021, is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 22,120,521	25,728,326
Less: cash and cash equivalents	(2,987,197)	(4,275,526)
Net debt	**$ 19,133,324**	**21,452,800**
Total equity	**$ 13,645,065**	**13,259,050**
Adjusted capital	**$ 32,778,389**	**34,711,850**
Debt-to-equity ratio	**58 %**	**62 %**

(ac) Changes in liabilities arising from financing activities

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021, were as follows:

(i) Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2022	Cash flows	Other (Note)	Foreign exchange movement	December 31, 2022
Short-term borrowings	$ 3,396,693	(685,387)	-	116,139	2,827,445
Short-term notes and bills payable	99,846	(99,846)	-	-	-
Long-term borrowings	6,554,108	(432,909)	-	395,504	6,516,703
Lease liabilities	11,608,651	(877,100)	(932,967)	194,020	9,992,604
Guarantee deposits	700,582	(120,794)	-	11,740	591,528
Total liabilities from financing activities	**$ 22,359,880**	**(2,216,036)**	**(932,967)**	**717,403**	**19,928,280**

Note: This includes an increase of $47,264 thousand in the current period, a reduction of $878,806 thousand in lease modifications and a reduction of $101,425 thousand in operating expenses from rent concessions.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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	January 1, 2021	Cash flows	Non-cash changes: Other (Note)	Non-cash changes: Foreign exchange movement	December 31, 2021
Short-term borrowings	$ 5,844,838	(2,401,580)	-	(46,565)	3,396,693
Short-term notes and bills payable	49,992	49,854	-	-	99,846
Bonds payable	1,431,651	-	(1,431,651)	-	-
Long-term borrowings	4,717,107	1,932,889	-	(95,888)	6,554,108
Lease liabilities	8,185,453	(1,306,404)	4,775,586	(45,984)	11,608,651
Guarantee deposits	543,726	114,321	45,617	(3,082)	700,582
Total liabilities from financing activities	$ 20,772,767	(1,610,920)	3,389,552	(191,519)	22,359,880

Note:1.Bonds payable were converted into shares of common stock amounting to $1,480,134 thousand, the effect of amortization on discount of corporate bonds amounting to $40,802 thousand, and the decrease in share options of capital surplus amounting to $7,681 thousand.

2.Lease liabilities were mainly incurred from the rent concession, which resulted in a decrease in operating expenses amounting to $31,195 thousand, the effect of adding, terminating, and modifying the leases amounting to $4,808,035 thousand, and the effect of disposals of subsidiary amounting to $1,254 thousand.

3.Guarantee deposits were mainly due to the acquisition of subsidiary amounting to $46,278 thousand, less the effect of disposals of subsidiary amounting to $661 thousand.

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

First Steamship Company Ltd. is the ultimate controlling company of the Group.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Yonghenghui Investment Co., Ltd.	Same chairman with the Company
Nanjing Tiandu Co., Ltd.	The Group's manager is the company's chairman
Shanghai Tian An Tower Co., Ltd.	The Group's manager is the company's director
Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd.	A substantial related party
Shanghai Qianshu Property Management Co., Ltd.	A substantial related party
Shanghai Allied Cement Holdings Limited	A substantial related party
Shanghai Kaixuanmen Enterprise Development Co., Ltd.	A substantial related party

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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Name of related party	Relationship with the Group
Shanghai Tianrong Real Estate Co., Ltd.	A substantial related party
Tian An Investment Co., Ltd.	A substantial related party
Shanghai Haiguang Real Estate Management Co., Ltd.	A substantial related party
Nanjing Tianan Gangli Property Management Co., Ltd.	A substantial related party
Gangli Property Management (Shanghai) Co., Ltd.	A substantial related party
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	An associate
Hainan Sanhe Licheng Business Service Co., Ltd.	An associate
Haikou Zhuke Technology Co., Ltd.	An associate
Wuhan Zhuke Technology Co., Ltd.	An associate
Shanghai Zhuke Technology Co., Ltd.	An associate
Chengdu Zhuke Technology Co., Ltd.	An associate
Changsha Zhuke Technology Co., Ltd.	An associate
Da Yu Financial Holdings Ltd.	An associate
Jiawang Assets Development Co., Ltd.	An associate

(c) Significant transactions with related parties

(i) Other current assets (Prepayments)

	December 31, 2022	December 31, 2021
Nanjing Tiandu (Note)	$ 160,877	106,668
Other related parties	17,780	16,665
	$ 178,657	**123,333**

Note: In accordance with rental agreement, the Group shall make fixed monthly prepayments for variable rents to be settled at the end of the year. On March 2023, the Group had been approved during the board meeting and a ten-year lease contract was signed with a related party. The Group is is settling the aforementioned prepaid rent.

(ii) Other receivables

	December 31, 2022	December 31, 2021
Other related parties	**$ 3,503**	**1,302**

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Other payables	Associates	$ 1,411	1,406
Other payables	Other related parties	832	-
		$ 2,243	1,406

(iv) Leases

1) Lease liabilities and interest costs

Relationship	Purpose	Lease liabilities December 31, 2022	December 31, 2021	January 1, 2021
Shanghai Kaixuanmen	Office building and department store	$ 4,408,145	4,295,335	-
Other related parties	Office building and department store	11,675	22,526	50,590
Other related parties	Energy-saving renovation engineering equipment	34,101	40,775	47,905
		$ 4,453,921	4,358,636	98,495

Relationship	Purpose	Interest costs For the years ended December 31 2022	2021
Shanghai Kaixuanmen	Office building and department store	$ 206,755	-
Other related parties	Office building and department store	910	7,254
Other related parties	Energy-saving renovation engineering equipment	1,841	2,144
		$ 209,506	9,398

2) Operating lease

Relationship	Purpose	Payments that are not included in the measurement of the variable lease liabilities For the years ended December 31 2022	2021
Other related parties	Office building and department store	$ 51,400	83,612

Relationship	Purpose	Property management fee For the years ended December 31 2022	2021
Other related parties	Office building and department store	$ 3,811	3,727

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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3) Deposits–out for lease

Account	Relationship	December 31, 2022	December 31, 2021
Other non-current financial assets	Shanghai Kaixuanmen	$ 66,120	65,099
Other non-current financial assets	Other related parties	12,086	11,900
		$ **78,206**	**76,999**

(v) Operating revenue

The amounts of significant finance lease interest income, lease revenue and lease receivables by the Group to related parties were as follows:

Account	Relationship	For the years ended December 31 2022	2021
Financial lease interest income	Hainan Sanhe Licheng	$ 9,539	13,995
Financial lease interest income	Zhuke Technology	6,931	31,363
Lease revenue	Zhuke Technology	8,342	12,920
		$ **24,812**	**58,278**

Account	Relationship	December 31, 2022	December 31, 2021
Lease receivables	Hainan Sanhe Licheng	$ 139,135	135,389
Lease receivables	Zhuke Technology	335,157	322,579
Less: Allowance for impairment—Hainan Sanhe Licheng		(61,552)	(48,672)
Less: Allowance for impairment—Zhuke Technology		(115,939)	-
		$ **296,801**	**409,296**

The interest income deriving from finance leases received by the Group from its associates is based on the interest rate agreed by both parties and collected monthly. The interest rate is not significantly different from that of nonrelated parties. The receivables with related parties were guaranteed by vehicles for finance lease. Chengdu Sanhe Licheng is the guarantor of the receivables from Hainah Sanhe Licheng.

The overdue receivables of Hainah Sanhe Licheng and Zhuke Technology were due to the COVID 19 pandemic, which significantly increased the credit risk on financial assets, resulting in the expected credit loss of $128,885 thousand and $48,662 thousand to be recognized in 2022 and 2021, respectively.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(vi) Account receivables –related parties

Account	Relationship	December 31, 2022	December 31, 2021
Other receivables (loaning funds)	Hainan Sanhe	$ 19,836	21,700
Other receivables (loaning funds)	Zhuke Technology	50,692	86,798
Other receivables (loaning funds)	An associate	490	490
Other receivables (interest)	Hainan Sanhe	987	-
Other receivables (interest)	Zhuke Technology	2,885	-
Other receivables	Zhuke Technology	467	-
Less: Allowance for impairment		(74,867)	(52,079)
		$ 490	**56,909**
Other financial assets	Zhuke Technology	$ 35,264	34,719
Less: Allowance for impairment		(35,264)	-
		$ -	**34,719**

The Group uses lifetime expected loss provision to provide for its expected credit losses on receivables from its related parties and other financial assets. The credit risk on financial assets of Hainan Sanhe and Zhuke Technology has increased significantly; therefore, the Group evaluated the value of their collateral and took their other assets and sources of subsequent repayments into consideration, resulting in the expected credit loss of $57,607 thousand and $52,068 thousand to be recognized in 2022 and 2021, respectively.

The loans to related parties are all unsecured and the interest charged to the Group was calculated by 8.4%. The loans to related parties were as follows:

	Interest income	
	For the years ended December 31	
	2022	2021
Hainan Sanhe Licheng	$ 1,743	1,218
Zhuke Technology	5,909	4,842
Other related parties	29	29
	$ 7,681	**6,089**

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(vii) Guarantees

An associate signed a rental agreement with non-related parties and was guaranteed by the group. The details were as follows:

	December 31, 2022	December 31, 2021
Zhuke Technology	$ 42,065	70,759

The Group evaluated the value of collaterals, which can cover its lifetime expected credit losses for the contract, without any impairment losses.

(viii) The Group promised to buy from Shangshi the default claims of its related parties, Hanan Sanhe and Zhuke Technology. Please refer to Note 9(a) for further information. The details were as follows:

	December 31, 2022	December 31, 2021
Contract value	$ 92,867	91,432
Residual amounts	$ 50,332	73,142
Loss allowance (reported as other current liabilities)	$ 2,953	-

The credit risk of Hainan Sanhe and Zhuke Technology has increased significantly; therefore, the Group evaluated the value of their collateral cannot fully cover the potential default risk of the counter-parties during the contract period, and recognized an expected credit loss of $2,972 thousand in 2022.

(ix) Others

1) The Group provided management consulting services and signed service contracts with other related parties. For the years ended December 31, 2022 and 2021, the revenue from consulting services were $10,456 thousand and $10,776 thousand, respectively.

2) On June 30, 2021, the Group signed an equity transfer agreement with Shanghai Kaixuanmen Enterprise Development Co., Ltd. to obtain 100% of the equity of the subsidiary, Shanghai Qianshu with payment of CNY$1,000 thousand. For related information please refer to Note 6(h).

3) The Group disposed its entire equity in its subsidiary, Morton Finance Ltd. (Morton), to Da Yu Financial Holdings Ltd., at the amount of $7,818 thousand (HKD$2,178 thousand), based on the resolution approved during the board meeting held on February 15, 2022. The deduction of Morton’ s net assets of $7,818 thousand resulted in the disposal loss of $238 thousand, including the amount of $238 thousand related to Morton, to be recognized in other comprehensive income under profit or loss.

4) The Group disposed its entire equity in its subsidiary, Morton Securities Ltd. (Morton), to Da Yu Financial Holdings Ltd., at the amount of $26,212 thousand (HKD$7,140 thousand), based on the resolution approved during the board meeting held on March 16, 2021. The deduction of Morton's net assets of $32,502 thousand resulted in the disposal loss of $6,926 thousand, including the amount of $636 thousand related to Morton, to be recognized in other comprehensive income under profit or loss.

5) The Group decided to dispose the entire equity of its subsidiary, Yee Shin investment Co, Ltd., to Yonghenghui investment Co., at the amount of $$356,000 thousand, based on the resolution approved during the board meeting held on July 30, 2021; therefore, the assets and liabilities were classified to non current assets held for sale. The transaction was completed this year recognized disposal benefits of $125,133 thousand. Please refer to Note 6(f) for further information.

(d) Key management personnel compensation

(i) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	$ 53,670	55,837

(ii) The Group granted key management personnel rights to subscribe treasury shares in advance salaries. As of December 31, 2022 and 2021, those prepaid salaries amounting to $40,074 thousand (CNY$9,091 thousand) and $39,572 thousand (CNY$9,118 thousand), respectively, were recorded as non-current assets.

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Inventories (for construction business)	Bank loans	$ 1,437,793	1,181,780
Other financial assets	Bank loans, bank depository funds	67,806	76,534
Other financial assets	Frozen due to lease dispute	13,621	22,863
Accounts receivable	Other secured loans	-	42,103
Lease payment receivables	Other secured loans	19,339	30,624
Property, plant and equipment	Bank loans, other secured loans	12,719,171	10,000,355
Investment Property	Bank loans	141,090	142,063
		$ 14,398,820	11,496,322

Note : Including the land use rights, which are recognized as right-of-use assets.

(9) Commitments and contingencies:

Except for those described in Note 6, the Group's other significant commitments and contingencies were as follows:

(a) Unrecognized contractual commitments

(i) The unrecognized contractual commitments of the Group were as follows:

	December 31, 2022	December 31, 2021
Contracted price		
Construction of land and building	$ 665,331	665,331
Purchase vessel equipment	3,355	56,762
Received or paid price		
Construction of land and building	279,912	108,309
Contracting out of project	336	5,554

(ii) Shangshi Financial Leasing Co., Ltd. (Shangshi) signed several finance leases contracts with different customers introduced by the Group based on the finance lease business cooperation agreement entered into by Shangshi and the Group. According to the agreement, the Group will look for customers with good credit ratings, in accordance with the contracted risk control standards, before introducing them to Shangshi. Thereafter, the Group will receive a portion of the rewards from Shangshi for each rental payment made by the customers. In addition, the Group promised to buy unconditionally the default claims from Shangshi for any customer who violated the agreement. Since there were no significant overdue receivables as December 31, 2022 and 2021, the Group can use the lifetime expected loss provision for the contract to provide for its expected credit losses, please refer to Note 6(z). The details of contracts were as follows:

	December 31, 2022	December 31, 2021
Contract value	$ 259,613	312,947
Residual amounts	$ 90,790	218,259

(iii) The Group signed the joint construction contracts with other companies as follows:

Item	Construction name
Joint construction with allocation of buildings	Me island phase III B1
Joint investing and developing on construction site	Nan Jing Jian Kang
Joint construction with allocation of buildings; Joint investing and developing on construction site	Tucheng Yongfu

(iv) Guarantees and endorsements for other parties on behalf of the Group, please refer to Notes 6(z).

(Continued)

(b) Contingencies:

(i) While the Group acquired the Quanzhou real estate, the assignor, Quanzhou FuHua Co., Ltd., failed to comply with the term of the contract, which stated that the assignor should repay the mortgage loan secured by the fourth floor of Quanzhou real estate with the consideration paid by the Group to release the mortgage. Therefore, the mortgagee filed an application to freeze the rent earned from the fourth floor of Quanzhou real estate in June 2020. The Group evaluates that the creditor still has means to repay the mortgage loan; hence, the fourth floor of Quanzhou real estate may not be at risk of impairment.

(ii) The subsidiary of the Group, Chongqing Optics Valley Grand Ocean Commercial Development Co., Ltd., negotiated with the lessor, Chongqing Zhengsheng Real Estate Ltd. (hereinafter referred to as “Chongqing Zhengsheng”), to reduce the period for the lease payments due to the COVID-19 pandemic in 2020. However, the negotiation failed and Chongqing Zhengsheng filed a lawsuit against the Group in November 2020 demanding for the payment of the arrears and rental of the extended area used by the Group. The hearing concerning the above lawsuit has yet to commence as of the reporting date. As of December 31, 2022, the Group had recognized its rental expenses before the government regulated deadline based on the lease contract. Meanwhile, the Group filed a counterclaim against Chongqing Zhengsheng, wherein the Group requested for a rent reduction. The first trial was unsuccessful, and the second trial ruling was upheld, the Group should pay the rent according to the original contract. However, the Group is not satisfied with the Court's decision, and intends to hire an attorney to file an appeal.

(iii) The real estate property right transfer registration of Shiyan International Financial Center project from the first floor to the ninth floor above ground that the subsidiary of the Group, Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. purchased from Hubei Grand Ocean Huayu Investment Co., Ltd.(hereinafter referred to as “Hubei Huayu”) had not been completed in accordance with the agreement of commercial property contract; therefore, the Group filed a lawsuit on September 6, 2021. In accordance with the PRC law, the Group has adequate protection for the property; hence, no losses will be incurred by the Group regarding the matter.

On the other hand, Hubei Huayu filed a lawsuit against Grand Ocean Classic Commercial Group Ltd. and Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. on September 30, 2021 for the dispute on the equity investment of Hubei Huayu prior to 2017, claiming the compensation of CNY$93 million for the damage. After the assessment of the Group, the right to make a claim occurred in 2017 exceeded the 3-year limitation period for the protection of civil rights according to the law. In addition, the Group has paid on schedule according to the subsequent equity capital reduction agreement signed by both parties. Therefore, it is determined that the Group have no obligation to pay any compensation.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

As Sandmartin International Holdings Ltd. (hereinafter referred to as Sandmartin) intends to conduct a cash capital increase A resolution was passed during the board meeting held on March 31, 2023, and the Group intends to enter into an underwriting agreement with Sandmartin as the lead underwriter for the capital increase.

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(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31					
By function	2022			2021		
By item	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefits						
Salary	$ 332,008	572,625	904,633	234,322	584,114	818,436
Health and labor insurance	1,246	4,169	5,415	1,312	3,908	5,220
Pension	1,135	60,883	62,018	1,308	55,976	57,284
Others	17,471	116,131	133,602	15,539	96,757	112,296
Depreciation	429,041	1,646,777	2,075,818	383,244	1,512,995	1,896,239
Amortization	45,656	8,564	54,220	33,984	8,284	42,268

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: Appendix 1. Please refer to the Chinese version consolidated financial statements P80-82.

(ii) Guarantees and endorsements for other parties: Appendix 2. Please refer to the Chinese version consolidated financial statements P83-84.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Appendix 3. Please refer to the Chinese version consolidated financial statements P85.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: Appendix 4. Please refer to the Chinese version consolidated financial statements P86-87.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Appendix 5. Please refer to the Chinese version consolidated financial statements P88.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions: Appendix 6. Please refer to the Chinese version consolidated financial statements P89.

(b) Information on investees: Appendix 7. Please refer to the Chinese version consolidated financial statements P90-92.

(c) Information on investment in mainland China: Appendix 8. Please refer to the Chinese version consolidated financial statements P93-94.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Henghua Investment Co., Ltd.	57,065,945	6.83 %
CAPITAL SECURITIES trusted custody Investment account of Lukfook Financial (HK) Ltd.	46,359,059	5.55 %

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership exceeding 5%, that have been issued by the Company without physical registration (including treasury shares) as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual numbers of shares that have been issued without physical registration due to different preparation basis.

(2) In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings should include the shares held by the shareholder, as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, please refer to the Market Observation Post System website of the TWSE.

(14) Segment information:

(a) General information

The Group has four reportable segments: shipping business, investing department, retail business department and rental department.

Shipping business departments' main operating activities are international transportation and shipping agency; investing departments' main operating activities are investments; retail business departments' main operating activities are trading of cosmetics, furnishings and etc.; rental business Departments' main operating activities are providing services of financial leasing. The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The Group's operating segment information and reconciliation were as follows:

	Shipping department	Investing department	Retail department	Rental department	Other segment	Reconciliation and elimination	Total
For the year ended December 31, 2022							
Revenue:							
Revenue from external customers	2,082,877	6,746	4,150,142	86,278	-	-	6,326,043
Intersegment revenues	-	81,108	-	-	-	(81,108)	-
Interest income	1,239	41,622	26,034	8,928	52	(37,409)	40,466
Total revenue	$ 2,084,116	129,476	4,176,176	95,206	52	(118,517)	6,366,509
Interest expenses	$ 83,656	50,285	704,388	43,198	29,555	(37,409)	873,673
Share of profit (loss) of associates accounted for using equity method	-	(38,941)	(9,290)	-	(1,570)	-	(49,801)
Reportable segment profit or loss	**$ 856,185**	**(5,480)**	**(613,815)**	**(337,613)**	**(36,803)**	**-**	**(137,526)**
Investments accounted for using equity method	**$ -**	**754,461**	**27,636**	**-**	**4,186**	**-**	**786,283**
Reportable segment assets	**$ 7,583,861**	**5,444,129**	**23,345,175**	**763,787**	**1,379,786**	**(2,751,152)**	**35,765,586**
Reportable segment liabilities	**$ 2,887,340**	**3,920,912**	**16,089,928**	**725,965**	**1,117,661**	**(2,621,285)**	**22,120,521**
For the year ended December 31, 2021							
Revenue:							
Revenue from external customers	1,533,834	5,896	5,159,425	163,401	63,418	-	6,925,974
Intersegment revenues	-	71,006	-	-	-	(71,006)	-
Interest income	25,769	10,266	25,759	7,123	33	(35,619)	33,331
Total revenue	$ 1,559,603	87,168	5,185,184	170,524	63,451	(106,625)	6,959,305
Interest expenses	$ 43,867	96,385	529,580	57,989	23,925	(35,619)	716,127
Share of profit (loss) of associates accounted for using equity method	-	(19,459)	(2,771)	-	(2,129)	-	(24,359)
Reportable segment profit or loss	**$ 502,682**	**(97,187)**	**77,916**	**(117,731)**	**(4,253)**	**-**	**361,427**
Investments accounted for using equity method	**$ -**	**720,436**	**36,634**	**-**	**5,755**	**-**	**762,825**
Reportable segment assets	**$ 7,754,906**	**5,151,258**	**27,277,407**	**1,182,257**	**1,012,173**	**(3,390,625)**	**38,987,376**
Reportable segment liabilities	**$ 2,889,735**	**4,289,094**	**19,238,606**	**811,223**	**813,246**	**(2,313,578)**	**25,728,326**

(c) Product and service information

For the revenue from the external customers of the Group, please refer to Note 6(w).

(d) Geographic information

The segment revenue based on the geographical location of customers, please refer to Note 6(w) for Geographic information.

(e) Major customers

For the years ended December 31, 2022 and 2021, the major customers of the Group were less than 10% of the operating revenue.

Stock Code2601:

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LIMITED

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: 14F., No.237, Sec. 2, Fuxing S. Rd., Da’ an Dist., Taipei City 106, Taiwan (R.O.C.)
Telephone: (02)2706-9911

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Independent Auditors' Report

To the Board of Directors of First Steamship Company Ltd.:

Opinion

We have audited the financial statements of First Steamship Company Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgment, should be communicated are as follows:

1. Equity-based subsidiaries

   Please refer to notes 4(i) and 6(d) to the financial statements for the accounting principles on the recognition of equity-based subsidiaries, as well as details of equity-based subsidiaries, respectively.

   <u>Description of key audit matter:</u>

   The assessment of the impairment of goodwill and trademark, impairment of assets and the recoverability of other financial assets of some subsidiaries of the company depends on the subjective judgment of management, which is a material uncertain accounting estimate and affects the operating results of subsidiaries. Therefore, we consider the assessment of the impairment of goodwill and trademark, impairment of assets and the recoverability of other financial assets of some subsidiaries of the company as the key audit matters to the financial statements in the audit process.

How the matter was addressed in our audit

The accountants' major review procedures for the impairment of goodwill and trademark and the impairment of operating assets of subsidiaries using the equity method include: We obtained the model and related assumptions that the subsidiary's management used to assess the impairment of goodwill and trademark, including to evaluate whether management has identified cash generating units (“CGU”) which might have impairments, and to consider all the assets that have to be tested have been included in the assessment. We also review separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verify the reasonability of the assumptions and accuracy of management's calculation based on available data. We also examine the appropriateness of disclosure for the aforesaid assets.

The main audit procedures performed by the accountant on the recoverability of other receivables of subsidiaries using the equity method include: To evaluate the expected credit losses of other receivables, we obtained documentation of management’s assessment to examine the possibility of default. Also, we assess the reasonability of expected credit losses of other receivables in duration according to IFRS 9 “Financial Instruments”.

Other Matter

We did not audit the financial statements of certain investees which represented the investment in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts is based solely on the report of other auditors. The investments in other entities accounted for using the equity method constituting 4 % and 7% of the total assets at December 31, 2022 and 2021, respectively, and the related share of profit of associates accounted for using the equity method constituted (30,801) % and (93) % of the total profit before tax for the years ended December 31, 2022 and 2021, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Ying Chang and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)
March 31, 2023

(English Translation of Financial Statements Originally Issued in Chinese)
FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Balance Sheets
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Assets				
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 461,502	4	291,405	2
1110	Current financial assets at fair value through profit or loss (Notes 6(q) and 13)	74,366	1	18,133	-
1150	Notes receivable (Notes 6(n))	265	-	-	-
1180	Accounts receivable -related parties (Notes 6(n) and 7)	3,293	-	6,133	-
1320	Inventories (for construction business), net (Notes 6(b) and 8)	518,796	4	518,437	4
1206	Other receivables -others	769	-	-	-
1200	Other receivables -related parties (Notes 7)	555,145	4	436,039	3
1461	Non-current Assets Held for Sale (Note 6(c) and 7)	-	-	195,952	2
1476	Other current financial assets (Notes 8)	-	-	2	-
1479	Other current assets	1,899	-	4,882	-
		1,616,035	13	1,470,983	11
	Non-current assets:				
1510	Total non-current financial assets at fair value through profit or loss (Note 6(q))	-	-	51,031	-
1551	Investments accounted for using equity method, net (Note 6(d), 7 and 8)	11,080,868	85	10,758,543	87
1600	Property, plant and equipment (Notes 6(e) and 8)	167,766	1	169,727	1
1760	Investment property, net (Notes 6(f) and 8)	141,090	1	142,063	1
1755	Right-of-use asset	6,487	-	-	-
1840	Deferred tax asset (Notes 6(k))	19,294	-	-	-
1975	Net defined benefit asset, non-current	2,939	-	894	-
1980	Other non-current financial assets	1,845	-	495	-
1990	Other non-current assets	7,910	-	11,448	-
		11,428,199	87	11,134,201	89
	Total assets	**$ 13,044,234**	**100**	**12,605,184**	**100**

(English Translation of Financial Statements Originally Issued in Chinese)
FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Balance Sheets (CONT'D)
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
		Amount	**%**	**Amount**	**%**
	Liabilities and Equity				
	Current liabilities:				
2100	Short-term borrowings (Notes 6(g))	$ 426,200	3	326,200	3
2110	Short-term notes and bills payable(Note 6(h))	-	-	99,846	1
2209	Other payables (Notes 6(o))	25,093	-	35,868	-
2230	Current tax liabilities (Notes 6(k))	11,642	-	-	-
2280	Current lease liabilities	1,463	-	-	-
2322	Current portion of long-term borrowings (Note 6(i))	175,000	2	175,000	1
2399	Other current liabilities (Note 6(c))	1,409	-	151,544	1
		640,807	5	788,458	6
	Non-Current liabilities:				
2540	Long-term borrowings (Note 6(i))	1,862,362	14	1,987,416	16
2570	Deferred tax liabilities (Note 6(k))	8,883	-	8,883	-
2580	Non-current lease liabilities	5,061	-	-	-
2645	Guarantee deposits (Note 7)	2,235	-	2,272	-
		1,878,541	14	1,998,571	16
	Total liabilities	2,519,348	19	2,787,029	22
	Retained earnings (Notes 6 (j) and (l)):				
3100	Capital stock	8,347,761	64	8,347,761	67
3200	Capital surplus	1,926,712	15	1,906,116	15
3300	Retained earnings	648,789	5	641,378	5
3400	Other equity interest	(303,885)	(2)	(982,609)	(8)
3500	Treasury shares	(94,491)	(1)	(94,491)	(1)
	Total equity	10,524,886	81	9,818,155	78
	Total liabilities and equity	**$ 13,044,234**	**100**	**12,605,184**	**100**

See accompanying notes to consolidated financial statements

(English Translation of Financial Statements Originally Issued in Chinese)
FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the years ended December 31			
		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenues (Notes 6(n), and 7)**	$ 87,854	100	76,902	100
5000	**Operating costs**	20,084	23	15,734	20
	Gross profit from operations	67,770	77	61,168	80
6000	**Operating expenses (Notes 6(o) and 7)**	76,106	87	66,356	86
	Net operating loss	(8,336)	(10)	(5,188)	(6)
	Non-operating income and expenses (Notes 6(j) , (p) and 7):				
7100	Interest income	16,134	18	9,927	13
7010	Other income	210	-	180	-
7020	Other gains and losses, net	170,797	194	9,645	13
7070	Share of loss of associates accounted for using equity method, net	(123,830)	(141)	231,382	301
7050	Finance costs	(53,686)	(61)	(94,403)	(123)
		9,625	10	156,731	204
	(Loss) Profit from continuing operations before tax	1,289	-	151,543	198
7950	Less: Income tax (benefit) expenses (Note 6(k))	(4,746)	(5)	(323)	-
	(Loss) Profit	6,035	5	151,866	198
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	1,376	2	(1,275)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to	-	-	-	-
		1,376	2	(1,275)	(2)
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8380	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	678,724	773	(171,793)	(223)
8399	Income tax related to components of other comprehensive income that will be reclassified to	-	-	-	-
		678,724	773	(171,793)	(223)
8300	**Other comprehensive income (loss)**	680,100	775	(173,068)	(225)
	Comprehensive income (loss)	**$ 686,135**	**780**	**(21,202)**	**(27)**
	Earnings per share (Note 6(m))				
9750	**Basic (loss) earnings per share (NT dollars)**	**$**	**0.01**		**0.20**
9850	**Diluted (loss) earnings per share(NT dollars)**	**$**	**0.01**		**0.20**

See accompanying notes to consolidated financial statements

(English Translation of Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LIMITED

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity		
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2021	$ 6,867,627	1,917,673	247,895	565,892	(345,746)	468,041	(810,816)	(94,491)	8,348,034
Profit for the year ended December 31, 2021	-	-	-	-	151,866	151,866	-	-	151,866
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(1,275)	(1,275)	(171,793)	-	(173,068)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	150,591	150,591	(171,793)	-	(21,202)
Appropriation and distribution of retained earnings:									
Legal reserve appropriated accumulated deficit	-	-	(247,895)	-	247,895	-	-	-	-
Capital surplus used to offset accumulated deficits	-	(22,746)	-	-	22,746	22,746	-	-	-
Conversion of convertible bonds	1,480,134	5,408	-	-	-	-	-	-	1,485,542
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	5,273	-	-	-	-	-	-	5,273
Changes in ownership interests in subsidiaries	-	508	-	-	-	-	-	-	508
Balance at December 31, 2021	8,347,761	1,906,116	-	565,892	75,486	641,378	(982,609)	(94,491)	9,818,155
Gain for the year ended December 31, 2022	-	-	-	-	6,035	6,035	-	-	6,035
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,376	1,376	678,724	-	680,100
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	7,411	7,411	678,724	-	686,135
Appropriation and distribution of retained earnings:									
Provision of legal reserve	-	-	7,548	-	(7,548)	-	-	-	-
Provision of special reserve	-	-	-	67,938	(67,938)	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	15,249	-	-	-	-	-	-	15,249
Changes in ownership interests in subsidiaries	-	5,347	-	-	-	-	-	-	5,347
Balance at December 31, 2022	**$ 8,347,761**	**1,926,712**	**7,548**	**633,830**	**7,411**	**648,789**	**(303,885)**	**(94,491)**	**10,524,886**

See accompanying notes to consolidated financial statements

(English Translation of Financial Statements Originally Issued in Chinese)
FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2022	2021
	Amount	Amount
Cash flows from (used in) operating activities:		
Profit from continuing operations before tax	$ 1,289	151,543
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	5,665	4,321
Amortization expense	1,575	1,512
Net gain on financial assets or liabilities at fair value through profit or loss	(3,823)	(15,603)
Interest expense	53,686	94,403
Interest income	(16,134)	(9,927)
Dividend revenue	(210)	(180)
Share of loss (gain) of associates accounted for using equity method	123,830	(231,382)
Gain on disposals of investments	(125,133)	-
Total adjustments to reconcile profit (loss)	39,456	(156,856)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit or loss	(1,379)	57
Notes receivable	(265)	-
Accounts receivable	2,840	(968)
Other receivables	(6,174)	(3,882)
Inventories	(359)	(145)
Other current assets	2,983	(2,126)
Net defined benefit assets	(669)	(1,679)
Changes in operating liabilities:		
Other payables	(11,144)	(11,417)
Other current liabilities	(135)	506
Total adjustments	25,154	(176,510)
Cash outflow generated from operations	26,443	(24,967)
Interest received	17,167	12,669
Dividends received	210	102,119
Interest paid	(53,317)	(51,890)
Income tax (paid) refunded	(2,906)	323
Net cash flows (used in) from operating activities	(12,403)	38,254

(English Translation of Financial Statements Originally Issued in Chinese)
FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Statements of Cash Flows(CONT'D)
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31	
		2022	2021
		Amount	Amount
Cash flows from (used in) investing activities:			
Acquisition of investments accounted for using equity method	$	(396,065)	(260,594)
Refund of capital reduction on investments accounted for using equity method		614,315	208,250
Acquisition of property, plant and equipment		(1,733)	(172)
Proceeds from disposal of non-current assets classified as held for sale		206,000	150,000
Increase in other receivables		(114,734)	(178,470)
Decrease (Increase) in other financial assets		(1,348)	335,933
Decrease (Increase) in other non-current assets		1,963	(10,976)
Net cash flows from investing activities		308,398	243,971
Cash flows from (used in) financing activities:			
Increase (decrease) in short-term borrowings		100,000	(1,468,000)
Increase (decrease) in short-term notes and bills payable		(99,846)	49,854
Proceeds from long-term borrowings		450,000	2,793,416
Repayments of long-term borrowings		(575,054)	(1,277,330)
Decrease in other payables -related parties		-	(138,812)
Payment of lease liabilities		(961)	-
Decrease in guarantee deposits		(37)	-
Net cash flows (used in) from financing activities		(125,898)	(40,872)
Net increase (decrease) in cash and cash equivalents		170,097	241,353
Cash and cash equivalents at beginning of period		291,405	50,052
Cash and cash equivalents at end of period	**$**	**461,502**	**291,405**

See accompanying notes to consolidated financial statements

FIRST STEAMSHIP COMPANY LIMITED

Notes to Parent Company Only Financial Statements

(1) Company history

First Steamship Company Ltd. (the "Company") was established in October 1963 in accordance with the Company Act of the Republic of China. The Company's registered office address is located at 14F, No.237, Sec. 2, Fuxing S. Rd., Taipei City, R.O.C. The major business activities of the Company are the providing business consultation services and investments and selling, renting, investing in construction.

(2) Approval date and procedures of the consolidated financial statements:

The accompanying parent company only financial statements were authorized for issuance by the Board of Directors on March 31, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment–Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its accompanying parent company only financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditionalright to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e., future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor andIts Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to FRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS 16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the accompanying financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These annual financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Guidelines).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts in the statement of financial position, the parent-company-only financial statements have been prepared on the historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value

2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation

(ii) Functional and presentation currency

The functional currency of the Company entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under any one of the following conditions. All other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivables and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade and other receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

The initial cost of inventory is necessary expenditure incurred in bringing them to their existing location and condition. The developing costs for real estate include construction, land, borrowings, and project expenditure. When the construction is finished, building construction in progress will be reclassified to real estate held for sale, and the Company will recognize operating costs in the proportion of the part being sold to the total developing costs for real estate. Inventories are measured at the lower of cost and net realizable value. When the costs exceed net realizable value, the costs should be reduced to their net realizable value, and the reducing amount should be recognized at current cost for sale. The net realizable value is measured as follows:

(i) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less the estimated selling expenses at the end of the period.

(ii) Building construction in progress: the net realizable value is the estimated price (based on the market condition), less the estimated costs of completion and selling expenses at the end of the period.

(iii) Real estate held for sale: the net realizable value is the estimated price (based on the market condition), less the estimated selling expenses at the end of the period

(h) Non-current assets held for sale (or disposal groups) and discontinued units

Noncurrent assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use are reclassified as held for sale or held for distribution to owners. Immediately before classification as held for sale or held for distribution to owners, the assets, or components of a disposal group, are remeasured in accordance with the Company’s accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Company’s accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of investor's interests in the associate. When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Subsidiaries

The Company accounts the investee companies that it possesses control using the equity. Net income, other comprehensive income, and shareholder' s equity in the parent company only financial reports of the Company and the net income, other comprehensive income, and shareholder's equity that belongs to the Consolidated Company in the consolidated financial reports should be the same.

The Company accounts the changes in equity, under the condition that control is still present, as equity transactions between the proprietors.

(k) Investment property

Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	3～50 years
2)	Office equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- There is a change in future lease payments arising from the change in an index or rate; or
- There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- There is a change of its assessment on whether it will exercise an extension or termination option; or
- There is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets and lease liabilities as a separate line item respectively in the statement of financial position. If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Services

The Company provides consultancy services and management services to the customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) The same taxable entity; or

2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

The Company discloses its information on operating segments in its consolidated financial statements, so it need not disclose such information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements by management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements: None.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

The impairment review of the subsidiaries' other receivables, property, plant and equipment, goodwill and intangible assets, recognition of deferred tax assets. Please refer to consolidated financial statement.

Assessment

The Company's accounting policies include measuring financial and non financial assets and liabilities at fair value through profit or loss.

The Company has established relevant internal control systems for fair value measurement. This includes establishing an evaluation team responsible for reviewing all significant fair value measurements (including Level 3 fair value) and reporting directly to the Chief Financial Officer. Significant unobservable inputs and adjustments are regularly reviewed by the evaluation team. If the input used to measure fair value uses external third-party information (such as a broker or pricing service), the evaluation team will evaluate the evidence provided by the third party in support of the input to determine the evaluation and its fair value classification compliant with IFRS's.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

Further information on assumptions used to measure fair value

Please refer to notes 6(q) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash	$ 43	58
Demand deposits	40,869	291,347
Deposit account.	420,590	-
Cash and cash equivalents in the consolidated statement of cash flows	$ 461,502	291,405

Please refer to note 6(q) for the sensitivity analysis and interest rate risk.

(b) Inventories

	December 31, 2022	December 31, 2021
Land held for construction site	$ 518,796	518,437

The Company is guarantee in inventories, please refer to note 8.

(c) Loss of control over a subsidiary (Non-current assets classified as held for sale)

The Company decided to dispose the entire equity of its subsidiary, Yee shin investment Co, Ltd., to Yonghenghui investment Co, at the amount of $356,000 thousand, based on the resolution approved during the board meeting held on July 30, 2021, wherein the Company received deposit of $150,000 thousand (reported as other current liabilities) on November 24, 2021, with the remaining amount being deposited in a trust account. All related procedures are still in progress, and the transaction is expected to be completed within one year；therefore, the assets and liabilities were classified to on current assets classified as held for sale.

As of December 31, 2021, the amounts of non-current assets held for sale are as follows:

	December 31, 2021
Investments accounted for using equity method	$ 195,952

The aforementioned non-current assets to be sold have completed the equity transfer procedure on November 7, 2022 and received the payment of $206,000 thousand. In 2022, $125,133 was recognized as disposal benefit, including the loss of $35,136 thousand recognized as other comprehensive income related to the subsidiary before.

(d) Investments accounted for using equity method

The Company's investments accounted for using the equity method at the reporting date were as follows:

		December 31, 2022	December 31, 2021
Subsidiaries	$	10,326,407	10,758,543
Associates		754,461	-
	$	11,080,868	10,735,543

(i) Subsidiaries

Please refer to the 2022 consolidated financial report for the remaining information of the subsidiaries.

(ii) Associates

1) Due to the Group's organizational restructuring, through a resolution of the board of directors on November 11, 2022, the company paid HKD$ 40,833 thousand and HKD$ 16,973 thousand in cash to subsidiaries, Heritage Riches Ltd. and Mariner Far East Ltd. acquired 20.60% and 8.51% equity of Da Yu Financial Holdings Ltd., and the relevant registration procedures have been completed.

2) Due to the Group's organizational restructuring, through a resolution of the board of directors on November 11, 2022, the company paid HKD$ 22,366 thousand to subsidiaries, First Mariner Holding Ltd. acquired 25.39% equity of Sandmartin International Holdings Ltd., and the relevant registration procedures have been completed.

3) Since the above transaction is related to the transfer of affiliated companies within the group, the Company chose to apply the IFRS Questions and Answers "Concerning the Handling of Business Combinations Under Common Control" issued by the Accounting Research and Development Foundation. And adopted the book value method. The transaction does not recognize profit or loss or change resulting in equity and has no material impact on the financial statements.

(iii) Guarantees

The Company is guarantee in investments using equity methods, please refer to note 8.

(e) Property, plant, and equipment

The movements of cost, accumulated depreciation and impairment of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021, were as follows:

	Land	Buildings	Office equipment	Total
Cost or deemed cost:				
Balance at January 1, 2022	$ 126,409	74,292	1,585	202,286
Additions	-	579	1,154	1,733
Disposals and obsolescence	-	-	(582)	(582)
Balance at December 31, 2022	$ 126,409	74,871	2,157	203,437
Balance at January 1, 2021	$ 126,409	74,292	1,413	202,114
Additions	-	-	172	172
Balance at December 31, 2021	$ 126,409	74,292	1,585	202,286

	Land	Buildings	Office equipment	Total
Depreciation and impairment loss:				
Balance at January 1, 2022	$ -	31,196	1,363	32,559
Depreciation	-	3,223	471	3,694
Disposals and obsolescence	-	-	(582)	(582)
Balance at December 31, 2022	$ -	34,419	1,252	35,671
Balance at January 1, 2021	$ -	27,979	1,232	29,211
Depreciation	-	3,217	131	3,348
Balance at December 31, 2021	$ -	31,196	1,363	32,559
Carrying amounts:				
Balance at December 31, 2022	$ 126,409	40,452	905	167,766
Balance at January 1, 2021	$ 126,409	46,313	181	172,903
Balance at December 31, 2021	$ 126,409	43,096	222	169,727

The property, plant and equipment of the Company had been pledged as collateral for bank borrowings; please refer to note 8 for further details.

(f) Investment properties

The movements in the cost and accumulated depreciation of investment properties of the Company for the years ended December 31, 2022 and 2021 were as follows:

	Land and improvement	Buildings	Total
Cost or deemed cost:			
Balance at January 1, 2022	$ 115,769	50,252	166,021
Balance at December 31, 2022	$ 115,769	50,252	166,021
Balance at January 1, 2021	$ 115,769	50,252	166,021
Balance at December 31, 2021	$ 115,769	50,252	166,021
Accumulated depreciation and impairment losses:			
Balance at January 1, 2022	$ -	23,958	23,958
Depreciation	-	973	973
Balance at December 31, 2022	$ -	24,931	24,931
Balance at January 1, 2021	$ -	22,985	22,985
Depreciation	-	973	973
Balance at December 31, 2021	$ -	23,958	23,958
Carrying amounts:			
Balance at December 31, 2022	$ 115,769	25,321	141,090
Balance at January 1, 2021	$ 115,769	27,267	143,036
Balance at December 31, 2021	$ 115,769	26,294	142,063
Fair value amount:			
Balance at December 31, 2022			$ 297,406
Balance at December 31, 2021			$ 296,900

(i) Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of one to two years. For lease revenue, please refer to note 6(n) the rental income of 2022 and 2021.

(ii) The investment property of the Company had been pledged as collateral for borrowings; please refer to note 8.

(g) Short-term borrowings

Short-term borrowings consisted of the following:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 260,000	160,000
Secured bank loans	166,200	166,200
Total	**$ 426,200**	**326,200**
Unused credit lines	**$ 422,560**	**458,000**
Range of interest rates	**2.02%~2.86%**	**1.53%~2%**

For the collateral of short-term borrowings, please refer to note 8 of the Company.

(h) Short-term notes and bills payable

	December 31, 2021		
	Guarantee or acceptance agency	Annual interest rate	Amount
Commercial paper payable	International Bills Finance Corp.	0.70%~0.96%	$ 100,000
Less: discount on short-term coupons payable			(154)
Total			**$ 99,846**

There is no guarantee in short-term notes and bills payable of the Company.

(i) Long-term borrowings

Long-term debts consisted of the following:

	December 31, 2022			
	Currency	Annual interest rate	Year of maturity	Amount
Unsecured bank loans	NTD	2.09%~2.27%	2024	$ 300,000
Secured bank loans	NTD	2.39%~2.44%	2026	1,487,500
Other secured loans	NTD	0.58%~1.31%	2026	249,862
Less: current portion				(175,000)
Total				**$ 1,862,362**
Unused credit lines				**$ 100,000**

	December 31, 2021				
	Currency	Annual interest rate	Year of maturity		Amount
Unsecured bank loans	NTD	1.50%~1.58%	2023	$	250,000
Secured bank loans	NTD	1.80%~2.06%	2026		1,662,500
Other secured loans	NTD	0.49%~0.58%	2026		249,916
Less: current portion					(175,000)
Total				$	1,987,416
Unused credit lines				$	100,000

(i) For the collateral of long-term borrowings, please refer to note 8.

(ii) Significant loan contract agreement

The Company signed a joint credit agreement with a joint credit bank group (six banks including Changhua Bank) and obtained a credit line of $2,000,000 thousand. According to the contract, the Company should maintain the following financial ratios and regulations, and based on the second quarter and annual consolidated financial reports, and start the inspection from the second quarter of 2021, and the audit shall be performed every six months:

(1)Current ratio [current assets / (current liabilities - in this case as long-term liabilities due within one year - current lease liabilities)]: not less than 80%;

(2)Debt ratio (total liabilities - lease liabilities) / total equity: should not be more than 150%;

(3)Interest coverage ratio [(profit before tax + finance cost + depreciation + amortization) / finance cost]: should be maintained at 3 or above;

(4) Net tangible assets [(total equity - intangible assets)]: should be maintained at NT$ 9 billion or above.

(j) Bonds payable

Bonds payable consisted of the following:

		December 31, 2021
Total convertible bonds issued	$	1,542,300
Less: Cumulative converted amount		(1,542,300)
Long-term portion of bonds payable	$	-

		For the years ended December 31,2021
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	$	(925)
Interest expense	$	40,802

(k) Income Tax

(i) Income tax expense

The details of income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	**2021**
Current tax expense		
Current period	$ 14,552	-
Adjustment for prior periods	(4)	(323)
	14,548	(323)
Deferred tax expense		
Origination and reversal of temporary differences	(19,294)	-
Income tax gain	**$ (4,746)**	**(323)**

Reconciliations between income tax gain and profit (loss) before tax for the years ended December 31, 2022 and 2021, were as follows：

	For the years ended December 31	
	2022	**2021**
Profit (Loss) excluding income tax	$ 1,289	151,543
Income tax calculated on profit (loss) before tax using the Company’s domestic tax rate	$ 258	30,308
Income from stock exchanges where collection is suspended	(25,027)	-
Share of profit (loss) of associates accounted for using equity method	4,063	(2,494)
Current year losses for unrecognized deferred tax asset	7,040	-
Change in unrecognized temporary differences	(5,684)	(23,237)
Change in provision in prior periods	(4)	(323)
Income Basic Tax Amount	14,552	-
Other	56	1,475
Total	**$ (4,746)**	**(323)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

Subsidiary FIRST STEAMSHIP S.A had been approved during the board meeting of dividend policy. The retained earnings before 2018 will not be distributed.

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2022	December 31, 2021
Aggregated amount of temporary differences related to investments in subsidiaries	$ 1,325,822	1,188,703
Unrecognized deferred tax liabilities	$ 265,164	237,741

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	$ -	3,687
The carry forward of unused tax losses	$ 34,462	49,646

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

3) Recognized deferred tax liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 were as follows:

Deferred tax liabilities:

	Estimated subsidiary earnings appropriated
Balance at January 1, 2022	$ 8,883
Balance at December 31, 2022	$ 8,883
Balance at January 1, 2021	$ 8,883
Balance at December 31, 2021	$ 8,883

Deferred tax assets

	The carryforward of unused tax losses
Balance at January 1, 2022	$ -
Debit (credit) income statement	19,294
Balance at December 31, 2022	$ 19,294

As of December 31, 2022, the information of the Company’s unutilized business losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unutilized business loss	Expiry date
2015	$ 39,699	2025
2016	71,989	2026
2017	36,057	2027
2018	20,950	2028
2020	64,883	2030
2022	35,202	2032
Total	$ 268,780	

(iii) Examination and Approval

The Company’s tax returns for the years through 2020 were examined and approved by the national tax authorities.

(l) Capital and other equity

As of December 31, 2022 and 2021, the number of authorized ordinary shares were both 1,200,000 thousand shares, with par value of $10 per share. The total value of authorized ordinary shares was both amounted to $12,000,000 thousand. Also, the number of issued and outstanding shares were both 834,776 thousand shares. All issued shares were paid up upon issuance.

(i) Ordinary shares

In 2021, convertible bonds issued by the Company amounting to $1,480,134 thousand were converted into 148,013 thousand shares of common stock with par value $10. The relevant statutory registration procedures have since been completed. The Company debited additional paid-in capital—stock option for $(96,902) thousand and recognized corporate bond transfer surplus $102,310 thousand because of the transaction.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Share capital	$ 352,570	$ 352,570
Stock option from convertible corporate bonds	851,231	851,231
Forfeited share options	13,838	13,838
Treasury share transactions	15,967	15,967
Difference arising from subsidiary's share price and its carrying value	617,046	601,797
Changes in a parent's ownership interest in a subsidiary	72,728	67,381
Donation from shareholders	3,332	3,332
	$ 1,926,712	1,906,116

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid in capital in excess of par value should not exceed 10% of the total common stock outstanding.

On July 30, 2021, the shareholders meeting decided to breakeven using legal reserve for $247,895 thousand and additional paid in capital in excess of par for $22,746 thousand, and $270,641 thousand in total.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's profit should be used to offset the prior years' deficits in first, then 10% is to be appropriated as legal reserve, when the legal reserve has reached the company's actual capital received isn't unrestricted. Then in according to the act or the competent authority the special reserve is allocated or reversed. Then any remaining earning together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The dividend policy of the Company shall take into account the actual operating conditions of the current year, future investment development, funding needs, financial structure, and take into account the interests of shareholders. Distributable surplus may be distributed in the form of shares or cash, unless it is reserved at the discretion. However, cash dividends shall not be less than 10% of the total dividends. If the cash dividends to be distributed per share are less than $0.5, they shouldn't be distributed unless otherwise resolved by the shareholders' meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRSs. And accumulated translation adjustment recognized under shareholders' equity are classified to retained earnings Except that the retained earnings arising from the first adoption of the IFRS recognized by the FSC on the conversion date is a net decrease, and there is no need to set aside the same amount of special reserve according to the regulations of the FSC.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. (When the Company distributes its 2020 earnings in 2021, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2021 earnings in 2022, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve.) A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. A resolution was passed during the shareholders' meeting held on June 24, 2022 for the appropriation of special earnings reserve of $67,938 thousand.

3) Earnings distribution

The Company, pursuant to the resolution reached in shareholder meeting held on June 24, 2022 and July 30, 2021, did not appropriate the earnings for 2021 and 2020.

(iv) Treasury stock

In 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 10,000 thousand shares as treasury shares in order to transfer the shares to employees. As of December 31, 2022, a total of 10,000 thousand shares were not yet cancelled.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of total issued shares. Also the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium and realized reserves.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(v) Other equity interests

		Exchange differences on translation of foreign financial statements
Balance at January 1, 2021	$	(982,609)
Exchange differences on investments accounted for using equity method		678,724
Balance at December 31, 2021	**$**	**(303,885)**
Balance at January 1, 2021 (revised)	$	(810,816)
Exchange differences on investments accounted for using equity method		(171,793)
Balance at December 31, 2021 (revised)	**$**	**(982,609)**

(m) Earnings per share

For the years ended December 31, 2022 and 2021, the basic and diluted earnings per share were calculated as follows:

	For the years ended December 31		
		2022	**2021**
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	**$**	**6,035**	**151,866**
Weighted average number of ordinary shares at January 1		834,776	686,763
Effect of treasury stock		(10,000)	(10,000)
Effect of conversion of convertible bonds		-	87,751
Weighted-average number of ordinary shares at December 31		824,776	764,514
Earnings per share (dollars)	**$**	**0.01**	**0.20**
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$	6,035	151,866
Effect of dilutive potential ordinary shares			
Effect of convertible bonds		(Note)	(Note)
Profit attributable to ordinary shareholders of the Company (diluted)	**$**	**6,035**	**151,866**
Weighted-average number of ordinary shares at December 31		824,776	764,514
Effect of dilutive potential ordinary shares (basic)			
Effect of employee share compensation		71	265
Effect of convertible bonds		-	(Note)
Weighted average number of ordinary shares (diluted) at December 31		824,847	764,779
Earnings per share (dollars)	**$**	**0.01**	**0.20**

Note: Anti-dilutive effect on earnings per share was not calculated.

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31		
		2022	2021
Primary geographical markets			
Taiwan	$	87,854	76,902
Major products/services lines			
Agency fee income	$	74,490	68,606
Lease revenue (Note)		8,619	8,296
Consulting service revenue		4,745	-
	$	87,854	76,902

Note: The lease revenue of the Company is under IFRS 16.

(ii) Contract balances

		December 31, 2022	December 31, 2021	January 1, 2021
Accounts notes	$	265	-	-
Accounts receivable		3,293	6,133	5,165
Less: allowance for impairment		-	-	-
Total	$	3,558	6,133	5,165

For details on accounts receivable and allowance for impairment, please refer to note 6(q).

(o) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and no more than 3% as directors’ and supervisors’ remuneration when there is profit before tax for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employee compensation could be distributed by cash or shares. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions that were approved by the Board of Directors. Directors’ remuneration could only be distributed by cash.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $13 thousand and $3,467 thousand and directors' and supervisors' remuneration amounting to zero, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses for each period.

If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021. Related information would be available at the Market Observation Post System website.

(p) Non-operating income and expenses

(i) Interest revenue

The details of interest income for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31		
		2022	2021
Interest income from bank deposits	$	1,480	118
Loans interest income		14,412	9,598
Interest income from corporate bonds		231	209
Others		11	2
	$	**16,134**	**9,927**

(ii) Other income

The details of other income for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31		
		2022	2021
Dividend income	$	**210**	**180**

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31			
		2022		2021
Foreign exchange gain (loss)	$	43,407	$	(6,067)
Gain on disposals of investments (Note 6(c) and 7)		125,133		-
Gain (loss) on financial assets or liabilities at fair value through profit or loss				
Embedded derivative instruments–call and put options		-		(925)
Open end funds and listed stocks		875		12,297
Beneficial rights from the specific construction project		2,948		4,231
Miscellaneous (expenses) income		(1,566)		109
	$	**170,797**		**9,645**

(iii) Finance costs

The details of finance costs for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31		
		2022	2021
Interest expenses from Bank loans	$	47,906	48,769
Amortization on discount of corporate bonds		-	40,802
Lease liabilities		80	-
Other financial expense		5,700	4,502
Other interest		-	303
	$	**53,686**	**94,403**

(q) Financial instruments

(i) Credit risks

1) Credit risk exposure

As of December 31, 2022 and 2021, the maximum exposure of credit risks of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations were mainly from:

- The carrying amounts of financial assets recognized in the consolidated balance sheet; and
- The Company provided financial guarantees to an associate amounting to $6,593,786 thousand and $5,805,841 thousand.

2) Concentration of credit risk

The Company specializes in ship escrow business, so there is a concentration of credit risk. However, the object of escrow ship business is a wholly-owned subsidiary of the company, which can fully grasp the progress of its receivables, so there is no significant credit exposure of account receivable.

3) Receivables of credit risk

For credit risk exposure of accounts receivables, please refer to (2).

Other financial assets at amortized cost include other receivables and other financial assets, etc., please refer to notes 7 and 8.

The impairment provision of all of these financial assets recognized during the period was limited to 12 months expected losses or lifetime ECL measurement. (For an explanation of how the Company determines that credit risk is low, please refer to Note 4 (f)). The Company didn't mention expected credit losses in both the 2022 and 2021.

(ii) Liquidity risks

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	**Contractual cash flows**	**1 years**	**1 to 5 years**	**Over 5 years**
December 31, 2022					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 27,328	27,328	27,328	-	-
Floating rate instrument	2,213,700	2,329,418	651,787	1,677,631	-
Fixed rate instruments	249,862	259,833	3,158	256,675	-
Lease liability	6,524	6,765	1,561	5,204	-
	$ 2,497,414	2,623,344	683,834	1,939,510	-
December 31, 2021					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 38,140	38,140	38,140	-	-
Floating rate instrument	2,238,700	2,356,759	541,364	1,815,395	-
Fixed rate instruments	349,762	358,066	102,223	255,843	-
	$ 2,626,602	2,752,965	681,727	2,071,238	-

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 14,059	30.70	431,611	11,750	27.67	325,116

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from cash and cash equivalents, accounts receivables, other receivables and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of December 31, 2022 and 2021 would have increased (decreased) the profit after tax by $4,316 thousand and $3,251 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date.

Since the Company has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $43,407 thousand and $(6,067) thousand, respectively.

(iv) Interest rate analysis

The details of the Company's exposure to interest rate of financial assets and liabilities, please refer to the note on liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments at the reporting date. Regarding of liabilities with floating interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.5%, the Company's profit before tax would have decreased or increased by $10,864 thousand and $9,737 thousand, which is mainly due to the Company's borrowings at variable rates and demand deposits for the years ended December 31, 2022 and 2021, respectively, given that all other variable factors remaining constant.

(v) Fair value of financial instruments

1) Fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows:

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Listed OTC Stocks	$ 14,494	14,494	-	-	14,494
Convertible bonds	5,893	-	5,893	-	5,893
Beneficiary rights - Specific construction project	53,979	-	-	53,979	53,979
	$ 74,366	14,494	5,893	53,979	74,366

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Listed OTC Stocks	$ 12,240	12,240	-	-	12,240
Convertible bonds	5,893	-	5,893	-	5,893
Beneficiary rights - Specific construction project	51,031	-	-	51,031	51,031
	$ 69,164	12,240	5,893	51,031	69,164

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets or liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well established, only small volumes are traded, or bid ask spreads are very wide. Determining whether a market is active involves judgment.

If the Company's financial instruments are regarded as being quoted in an active market, the classification and property of fair value are as follows:

- Stocks in listed companies, fund and corporate bonds, which have standard term and quoted prices in active markets. The fair values are referenced by market quotation.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Measurement of the fair value of the Company's embedded derivative instruments is based on binomial tree model.

c) Financial guarantee contract

Discounted cash flow models that are applied to estimate the fair value of a financial guarantee. The assumption is to use a probability-weighted discounted cash flow analysis that incorporates the expected default rate of the borrower and expected recoveries in the event of default.

d) Beneficiary rights specific construction project and landowner

Measurement of the fair value of the Company's beneficiary rights-specific construction project and landowner is based on the discounted cash flows model. Quantified information of significant unobservable inputs was buildings sale prices and construction costs. The discounted cash flows are used to estimate fair values.

4) There were no transfers in either direction of levels in 2022 and 2021.

5) Reconciliation of Level 3 fair values

	Financial assets and liabilities as held for sale	
	Non-derivative financial assets- Beneficiary rights - Specific construction project	**Embedded derivative instruments**
Opening balance, January 1, 2022	$ 51,031	-
In profit or loss	2,948	-
Ending Balance, December 31, 2022	**$ 53,979**	**-**
Opening balance, January 1, 2021	$ 46,800	925
In profit or loss	4,231	(925)
December 31, 2021	**$ 51,031**	**-**

For the year ended December 31, 2022 and 2021, total gains and losses that were included in "other gains and losses" were as follows:

	For the years ended December 31	
	2022	**2021**
Total gains and losses recognized In profit or loss, and including "other gains and losses"	**$ 2,948**	**4,231**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss – embedded derivative instruments, and the financial instrument in Level 3 has only one significant unobservable input.

Quantified information of significant unobservable inputs was as follow:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Beneficiary rights - Specific construction project	Discounted cashflow	• Volatility of buildings sale prices and costs (as of December 31, 2022 and 2021 were both $410 thousand per squere feet .) • Volatility of construction costs (as of December 31, 2022 and 2021, were both $133 thousand per squere feet .)	• The estimated fair value would increase if the buildings sale price was higher or the buildings cost was lower.

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss:

	Inputs	Fluctuation in inputs	Profit or loss	
			Favorable	Unfavorable
December 31, 2022				
Financial assets at fair value through profit or loss				
Beneficial rights from the specific construction project	Sale price	5%	10,140	(10,140)
December 31, 2021				
Financial assets at fair value through profit or loss				
Beneficial rights from the specific construction project	Sale price	5%	6,968	(6,968)

have the

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(r) Financial risk management

(i) Overview

The Company has exposures to the following risks due to the uses of its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the Company only financial statements.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the Company's exposure to risks, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The board of directors has overall responsibility for the establishment and oversight of the derivative financial instruments, and internal auditor undertakes regular reviews of risk management controls and procedures.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivables

Company specializes in ship escrow business, so there is a concentration of credit risk, but the escrow ship business transaction. The object is a wholly-owned subsidiary of the company, which can fully grasp the progress of its collection, so there is no account receivable significant credit exposure.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's s finance department. The Company only deals with banks with high credit rating, or financial institutes and corporate organizations with level of professional investor; therefore, the Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

As of December 31, 2022 and 2021, the Company didn't guarantee companies other than subsidiaries. For the Company providing financial guarantee, please refer to notes 13.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As of December 31, 2022 and 2021, the Company's unused credit line amounted to $522,560 thousand and $558,000 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Company seeks to apply hedge accounting in order to manage volatility in profit or loss.

1) Currency risk

The Company is exposed to exchange rate risks arising from deposits and borrowing transactions that are not denominated in functional currencies. The company's functional currency is New Taiwan dollar, and the main denomination currency for these transactions is the US dollar.

For other monetary assets and liabilities denominated in foreign currencies, when there is a short-term imbalance, the company ensures that the net exposure is maintained at an acceptable level by buying and selling foreign currencies at real-time exchange rates.

2) Interest rate risk

The Company's risks with exposure to changes in interest rates arise mainly from borrowings from banks. Borrowings on a variable–rate basis will exposed the Company to the variability in cash flows attributable to interest rate risk. The Company assess the level of interest rate is recently stable in the business environment. Therefore, material interest rate risk is less likely to occur.

3) Other market price risk

Equity price risk is the equity held by the company in profit or loss for fair use of funds risks arising from the instrument. The management of the Company monitors the proportion of equity securities in its investment portfolio based on market index. Material investments within the portfolio are managed on an individual basis, and all buy and sell decisions are approved by the management authority.

The primary goal of the Company's investment strategy is to maximize investment returns; the board of directors and member in investment department were all professional in finance to make appropriate decision, and therefore the market price risk of investment at fair value through profit or loss were controlled by management.

(s) Capital management

The Company's objectives for managing capital are ensuring the ability to operate continuously, providing returns to shareholders and other stakeholders, and maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity (include share capital, capital surplus, retained earnings and other equity) plus net debt.

As of 2022, the Company's capital management strategy is consistent with the prior year as of 2021. The gearing ratio is maintained so as to ensure financing at reasonable cost.

The Company's debt to adjusted capital ratios at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 2,519,348	2,787,029
Less: cash and cash equivalents	(461,502)	(291,405)
Net debt	$ 2,057,846	2,495,624
Total equity	$ 10,524,886	9,818,155
Total capital	$ 12,582,732	12,313,779
Debt-to-equity ratio	16%	20%

(t) Changes in liabilities arising from financing activities

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021 were as follows:

(i) Convertible corporate bonds are converted into ordinary shares please refer to Note 6 (j) for details.

(ii) Lease liability increase amount $7,485 thousand in the period.

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Yonghenghui Investment Co., Ltd.	Same chairman with the Company
Royal Sunway Development Co., Ltd.	Subsidiary of the Company
First Steamship S.A.	Subsidiary of the Company
Grand Ocean Retail Group Ltd.	Subsidiary of the Company
First Mariner Holding Ltd.	Subsidiary of the Company
First Mariner Capital Ltd.	Subsidiary of the Company
Ahead Capital Ltd.	Subsidiary of the Company
Mariner Capital Ltd.	Subsidiary of the Company
Alliance Steamship S.A.	Subsidiary of the Company(note)
Best Steamship S.A.	Subsidiary of the Company(note)
Black Sea Steamship S.A.	Subsidiary of the Company(note)
Excellent Steamship International S.A.	Subsidiary of the Company(note)
Grand Steamship S.A.	Subsidiary of the Company(note)

Longevity Navigation S.A.	Subsidiary of the Company(note)
Praise Maritime S.A.	Subsidiary of the Company(note)
Reliance Steamship S.A.	Subsidiary of the Company(note)
Ship Bulker Steamship S.A.	Subsidiary of the Company(note)
Shining Steamship International S.A.	Subsidiary of the Company(note)
Sure Success Steamship S.A.	Subsidiary of the Company(note)

Note: The increase in this period is due to the restructuring of the group's organizational structure and the transfer of 11 ship subsidiaries to the company.

(b) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales to related parties were as follows:

	2022	2021
First Steamship S.A.	$ 74,490	68,606

The rates charged by the management agreement between the Company and the subsidiary and the charged collected monthly depending on the contract. The Company has not entered into shipping agency contracts with non-related parties.

(ii) Receivables from related parties

Receivables from related parties were as follows：

Account	Category of related party	December 31, 2022	December 31 2021
Accounts receivable	First Steamship S.A.	$ 3,293	6,133
Other receivables	Royal Sunway Development Co., Ltd. (Note 1)	4,312	5,345
Other receivables	First Steamship S.A. (Note 2)	9,011	3,772
Other receivables	Subsidiary of the company (Note 2)	822	656
		$ 14,145	9,773

Note1: The nature is interest receivable.

Note2: The nature is scattered payments of subsidiary.

(iii) Loans to related parties

The loans to related parties were as follows:

Account	Category of related party	December 31, 2022	December 31, 2021
Other receivables	Royal Sunway Development Co., Ltd. (Note 1)	$ 541,000	352,000
Other receivables	First Mariner Holding Ltd. (Note 2)	-	74,266
		$ 541,000	426,266

Note1: The Company charged interest to related parties at annual rate of from 2.37% to 4% and

were uncollateralized, and no provisions for doubtful debt were required after the assessment by the management. For the years ended December 31, 2022 and 2021, the interest revenues were $14,412 thousand and $9,598 thousand, respectively.

Note2: The Company didn’t charged interest to related parties and it is non-collateral loan, assessing that without any impairment.

(iv) Leases

As of December 31, 2022 and 2021, the Company entered lease agreements with subsidiaries rent the office building, and the rental fee was based on market price in the neighborhood, and signs one to two-year lease contracts, respectively. As of December 31, 2022 and 2021, the rental security deposit to subsidiaries amounted was $282 and $420 thousand. The rental revenue was $2,006 and $2,400 thousand for the years ended December 31, 2022 and 2021.

(v) Guarantees

As of December 31, 2022 and 2021, the Company had provided a guarantee for loans taken out by subsidiaries. The credit limit of the guarantee was $6,593,786 thousand and $5,805,841 thousand, respectively, and actual usage amounts was $3,316,196 thousand and $3,324,700 thousand, respectively. No endorsement guarantee fee was charged in 2022 and 2021.

(vi) Please refer to Note 9 for details of the joint construction contract signed between the company and its subsidiaries.

(vii) Other

1) Due to the reorganization of the Company's organizational structure in 2021, Yee Yong investment Co., Ltd. transferred 5.87% of Grand Ocean Retail Group Ltd. to the company, with disposal price of $256,002 thousand, wherein the related procedures had been completed.

2) The Company decided to dispose the entire equity of its subsidiary, Yee Shin investment Co., Ltd. to Yonghenghui Investment Co., Ltd. at the amount of $$356,000 thousand, based on the resolution approved during the board meeting held on July 30, 2021; therefore, the assets and liabilities were classified to non-current assets held for sale. The transaction was completed this year. Please refer to note 6(c) for further information.

3) Due to the Group's organizational restructuring, on November 11, 2022, the board of directors of the Company resolved to acquire 20.60% shares of Da Yu Financial Holdings Co., Ltd. in $168,424 thousand (HKD$ 40,833 thousand) and 8.51% shares of Da Yu Financial Holdings Co., Ltd. in $70,010 thousand (HKD$ 16,973 thousand) from the Subsidiaries, Heritage Riches Ltd. and Mariner Far East Ltd., respectively. The relevant registration procedures have been completed.

4) Due to the Group's organizational restructuring, on November 11, 2022, the board of directors of the Company resolved to acquire 25.39% shares of Sandmartin International Holdings Limited in $92,254 thousand (HKD$ 22,366 thousand) from the Second-tier Subsidiary, First Mariner Capital Ltd. The relevant registration procedures have been completed.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	**2021**
Short-term employee benefits	$ 12,762	13,069

(8) Pledged assets:

The Company's assets pledged to secure loans were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Inventories	Bank loans	$ 518,796	518,437
Property, plant and equipment	Bank loans	166,860	169,504
Investment Property	Bank loans	141,090	142,063
Other financial assets－current	Bank loans	-	2
Investments accounted for using equity method	Bank loans	371,075	411,082
		$ 1,197,821	1,241,088

(9) Commitments and contingencies:

(a) As of December 31, 2022 and 2021, the Company had provided a guarantee for loans taken out by its related parties, please refer to Note 7.

(b) The company signed a shipping agency contract with First Steamship S.A. on January 1, 2019, charging USD650 per ship per day as agency fee, except that either party will not renew the contract with a written notice 10 days before the expiry date of the contract. The contract will be automatically renewed upon expiration.

(c) The Company signed the joint construction contracts with other companies as follows:

Item	Construction name
Joint construction with allocation of buildings	Tucheng Yongfu

(10) Losses due to major disasters: None

(11) Subsequent events:

Sandmartin International Holdings Ltd. expect to issue the capital increase for cash. A resolution was passed during the board meeting held on March 31, 2023 for expect to sign the underwriting contract with Sandmartin. The Company will be the lead underwriter for this cash capital increase case.

(12) Other:

By function / By item	For the years ended December 31					
	2022			2021		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefits						
Salary	16,305	38,613	54,918	11,677	30,517	42,194
Health and labor insurance	1,246	3,144	4,390	1,312	2,768	4,080
Pension	1,135	1,030	2,165	1,308	814	2,122
Remuneration of directors	-	4,137	4,137	-	4,020	4,020
Others	425	1,889	2,314	464	2,604	3,068
Depreciation	973	4,692	5,665	973	3,348	4,321
Amortization	-	1,575	1,575	-	1,512	1,512

As of December 31, 2022 and 2021, the Company’s employees and addition information of employee benefits were as follows:

	2021	2020
Employees	46	48
Non-employee directors	4	4
Average of employee benefits	$ 1,519	1,170
Average of salary	$ 1,308	959
Adjustment of average salary	36.39%	
Supervisor's remuneration	$ -	-

The company's remuneration policy (including directors, managers and employees) information is as follows:

The remuneration policy of the company's directors and managers is that when directors and managers perform their duties in the company, regardless of the company's profit or loss, the company can pay remuneration, and the remuneration authorizes the board of directors to take into account their participation in the company's operations and the value of their contributions, as well as the usual industry practices. The standard shall be agreed upon, but independent directors shall not participate in the distribution of remuneration in Article 31 of the company's articles of association.

The salary and remuneration policy of the company's employees is based on the annual regular reference to the performance appraisal table to conduct evaluations as the basis for the issuance of salaries, bonuses, annual salary adjustments or promotions. The remuneration of its employees is specified in Article 31 of the company's articles of association.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties: Appendix 1. Please refer to the Chinese version parent company only financial statements P47-48.

(ii) Guarantees and endorsements for other parties: Appendix 2. Please refer to the Chinese version parent company only financial statements P49-50.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Appendix 3. Please refer to the Chinese version parent company only financial statements P51.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: Appendix 4. Please refer to the Chinese version parent company only financial statements P52-53.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Appendix 5. Please refer to the Chinese version parent company only financial statements P54.

(ix) Trading in derivative instruments: None

(b) Information on investees: Appendix 6. Please refer to the Chinese version parent company only financial statements P55-57.

(c) Information on investment in mainland China: Appendix 7. Please refer to the Chinese version parent company only financial statements P58-59.

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Henghua Investment Co., Ltd.	57,065,945	6.83%
The dedicated account for investment in Leofoo Development (HK) Co., Ltd. entrusted to the custody of Capital Securities Corporation	46,359,059	5.55%

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership exceeding 5%, that have been issued by the Company without physical registration (including treasury shares) as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual numbers of shares that have been issued without physical registration due to different preparation basis.

(2) In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings should include the shares held by the shareholder, as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, please refer to the Market Observation Post System website of the TWSE.

(14) Segment information:

Please refer to the 2022 consolidated financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD.
Changes in Investmemts Using Equity Method
For the years ended December 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

	January 1, 2022		Additions		Decrease		December 31, 2022			Market Value or Net Assets Value		
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Holding %	Amount	Unit Price (NT$)	Total Amount	Guarantee or pledge
FIRST STEAMSHIP S.A.	2,300	$ 9,360,251	-	945,757	(1,706)	(5,620,857)	594	100.00	4,685,151	7,887,459.60	4,685,151	-
Alliance Steamship S.A.	-	-	130,000	415,340	-	(1,940)	130,000	100.00	413,400	3,180.00	413,400	-
Best Steamship S.A.	-	-	170,000	528,615	-	(2,955)	170,000	100.00	525,660	3,092.12	525,660	-
Black Ses Steamship S.A.	-	-	110,000	341,492	-	(1,928)	110,000	100.00	339,564	3,086.95	339,564	-
Excellent Steamship International S.A.	-	-	90,000	281,652	-	(1,513)	90,000	100.00	280,139	3,112.66	280,139	-
Grand Steamship S.A.	-	-	170,000	538,375	-	(2,674)	170,000	100.00	535,701	3,151.18	535,701	-
Longevity Navigation S.A.	-	-	135,000	418,086	-	(2,395)	135,000	100.00	415,691	3,079.19	415,691	-
Praise Maritime S.A.	-	-	185,000	574,016	-	(3,251)	185,000	100.00	570,765	3,085.21	570,765	-
Reliance Steamship S.A.	-	-	130,000	406,508	-	(2,194)	130,000	100.00	404,314	3,110.11	404,314	-
Ship Bulker Steamship S.A.	-	-	135,000	425,632	-	(2,178)	135,000	100.00	423,454	3,136.70	423,454	-
Shining Steamship International S.A.	-	-	96,000	299,089	-	(1,652)	96,000	100.00	297,437	3,098.30	297,437	-
Sure Success Steamship S.A.	-	-	155,000	492,779	-	(2,383)	155,000	100.00	490,396	3,163.85	490,396	-
GRAND OCEAN RETAIL GROUP LTD.	18,949,000	778,960	603,000	29,579	-	(83,014)	19,552,000	10.00	725,525	17.25	337,272	10,000 thousand shares
FIRST MARINER HOLDING LTD.	50,224,000	506,754	-	37,168	-	(471,973)	50,224,000	100.00	71,949	1.43	71,949	-
YEE SHIN INVESTME CO., LTD.	12,890,000	-	-	35,136	(128,900,000)	(35,136)	(116,010,000)	-	-	-	-	-
YEE YOUNG INVESTME CO., LTD.	1,450,000	3,167	-	-	-	(75)	1,450,000	100.00	3,092	2.13	3,092	-
ROYAL SUNWAY DEVELOPMENT CO., LTD.	11,000,000	109,411	5,500,000	55,000	-	(20,242)	16,500,000	55.00	144,169	8.74	144,169	-
Da Yu Financial Holdings Ltd.	-	-	331,660,000	754,461	-	-	331,660,000	29.11	754,461	0.71	235,479	-
Sandmartin International Holdings Ltd.	-	-	124,950,000	92,254	-	(92,254)	124,950,000	25.39	0	0.67	83,717	-
Total		**$ 10,758,543**		**6,670,939**		**(6,348,614)**			**11,080,868**			

The details of the increase and decrease for investments accounted for using the equity method were as follows:

Name		Gain(loss) of associates accounted for using equity method	Foreign currency conversion adjustments	Capital surplus	Capital increase	Capital reduction(Note1)	Disposal	Reclassification (Note 2)	Total
First Steamship S.A.	$	294,531	651,226	4,434	-	(5,264,843)	-	(360,448)	(4,675,100)
Alliance Steamship S.A.		13,900	(1,940)	-	-	401,440	-	-	413,400
Best Steamship S.A.		3,655	(2,955)	-	-	524,960	-	-	525,660
Black Ses Steamship S.A.		1,812	(1,928)	-	-	339,680	-	-	339,564
Excellent Steamship International S.A.		3,732	(1,513)	-	-	277,920	-	-	280,139
Grand Steamship S.A.		13,415	(2,674)	-	-	524,960	-	-	535,701
Longevity Navigation S.A.		1,206	(2,395)	-	-	416,880	-	-	415,691
Praise Maritime S.A.		2,736	(3,251)	-	-	571,280	-	-	570,765
Reliance Steamship S.A.		5,068	(2,194)	-	-	401,440	-	-	404,314
Ship Bulker Steamship S.A.		8,752	(2,178)	-	-	416,880	-	-	423,454
Shining Steamship International S.A.		2,641	(1,652)	-	-	296,448	-	-	297,437
Sure Success Steamship S.A.		14,139	(2,383)	-	-	478,640	-	-	490,396
Grand Ocean Retail Group Ltd.		(83,014)	3,040	16,162	10,377	-	-	-	(53,435)
First Mariner Holding Ltd.		(385,865)	37,168	-	-	-	-	(86,108)	(434,805)
Yee Shin investment Co., Ltd.		(221)	35,136	-	-	-	(34,915)	-	-
Yee Yong investment Co., Ltd.		(75)	-	-	-	-	-	-	(75)
Royal Sunway Development Co., Ltd.		(20,242)	-	-	55,000	-	-	-	34,758
Da Yu Financial Holdings Ltd.		-	7,090	-	238,434	-	-	508,937	754,461
Sandmartin International Holdings Ltd.		-	(29,873)	-	92,254	-	-	(62,381)	-
Total	$	**(123,830)**	**678,724**	**20,596**	**396,065**	**(614,315)**	**(34,915)**	**0**	**322,325**

Note 1： Due to the reorganization of the Group's organizational structure, the subsidiary FIRST STEAMSHIP S.A. reduced its capital by $5,264,843 thousand (USD170,600 thousand) with cash of $614,315 thousand and 11 shipping subsidiary stocks at a price of $4,650,528 thousand, and eliminated 1,706 shares.The capital reduction base date is set on December 16, 2022, and the relevant registration procedures have been completed.

Note 2： Due to the restructuring of the group's organizational structure, the Company purchased 29.11% equity of Da Yu Financial Holdings Ltd. from its subsidiaries Hertitage Riches Ltd. and Mariner Far East Ltd. in cash of $238,434 thousand. The Company purchased 25.39% equity of Sandmartin International Holdings Ltd. from its subsidiaries First Mariner Holding Ltd. in cash of $92,254 thousand.
Due to the transfer of affiliated enterprises within the Group, the Company chose to apply the IFRS Questions and Answers - "Disputes in the Handling of Business Combinations Under Common Control" issued by the Accounting Research and Development Foundation by analogy, and adopted the book value method. The transaction doesn't recognize profit or loss or changed resulting in total equity. The change has no material impact on the financial statements.

Note 3：In this period, 603 thousand shares of Grand Ocean Retail Group Ltd. were purchased, with a total amount of $10,377 thousand, and $15,249 thousand was recognized as capital reserve due to the difference between market price and net value

(English Translation of Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD.

For the years ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Schedule of Short-Term Borrowings

Kind of borrowing	Pproperty	Amount	Contract period	Rate	Financing amount	Mortgage or guarantee
Financial Institutions A	Credit borrowing	$ 80,000	2022.08.26~2023.08.26	2.02%	$ 80,000	
Financial Institutions B	"	100,000	2022.04.15~2023.04.15	2.13%	100,000	
Financial Institutions C	"	80,000	2022.08.25~2023.08.25	2.23%	130,000	
Financial Institutions D	"	-	2022.01.07~2023.01.07	1.53%	100,000	
Financial Institutions E	"	-	2022.04.22~2023.03.18		50,000	
Financial Institutions K	Mortgage borrowing	-	2020.11.05~2024.11.05		198,000	
Financial Institutions L	"	166,200	2020.11.20~2023.11.20	2.86%	166,200	Inventories
Financial Institutions Q	"	-	2020.11.07~2024.01.16		24,560	
		$ 426,200			$ 848,760	

Schedule of Long-Term Borrowings

Kind of borrowing	Pproperty	Amount	Contract period	Rate	Mortgage or guarantee
Financial Institutions G	Credit borrowing	$ 100,000	2022.11.16~2024.11.16	2.27%	
Financial Institutions J	"	200,000	2022.06.24~2024.06.24	2.09%	
Financial Institutions B、D、F、I、O and P	Mortgage borrowing	1,737,362	2021.02.03~2026.02.03	0.58%~2.44%	Property, plant and equipment
Less: current portion		(175,000)			
		$ 1,862,362			

(English Translation of Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LTD.

For the years ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Schedule of Operation Revenues

Please refer Note 6(n)

Schedule of Operation Costs

Items	Summary	Amount	Note
Employment expenses	Salary, Health and labor insurance, Pension and others	$ 19,111	
Vessels management costs	Depreciation	973	
	Subtotal	**$ 20,084**	

Schedule of Operation Expenses

Items	Summary	Amount	Note
Employment expenses	Salary, Health and labor insurance, Pension and others	$ 48,813	
Service expense		5,463	
Depreciation		4,692	
Others		17,138	Those which amount does not reach more than 10% of the balance of the subject.
Total		**$ 76,106**	

FIRST STEAMSHIP COMPANY LIMITED

Chairman: Jen-Hao Kuo